

The Outer Banks[®]

VISITORS BUREAU

Long-Range Tourism Management Plan

2023 – 2033

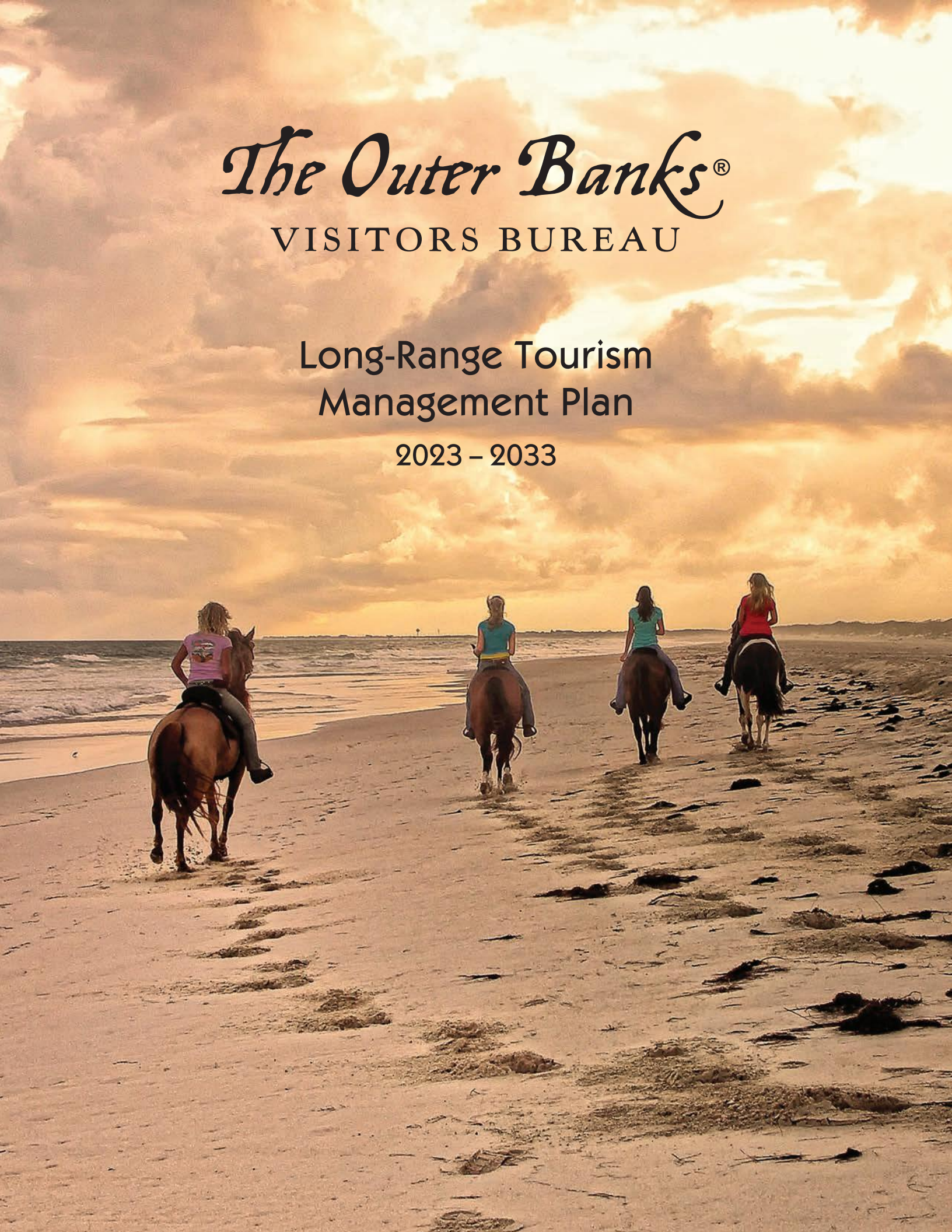


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Executive Summary

Tourism is critically important to the economy in Dare County and the Outer Banks. In 2021, visitors to Dare County spent \$1.8 billion, supporting over 12,000 jobs and \$79 million of local tax revenue. This represents 45.5% of Dare County jobs.

The Outer Banks experienced a strong boost to travel activity as the pandemic, and subsequent recovery, impacted travel patterns. Paid accommodations revenue in Dare County, as measured by gross occupancy reporting, increased 57.2% between 2019 and 2022. Adjusted for inflation, paid accommodations revenue in 2022 was 75.8% higher than in 2011.

Labor markets are tight and wage rates have increased significantly. Higher labor costs, and lack of available staff, make for a challenging operating environment for many local businesses. Adjusted for inflation, average wages, salaries, and other earnings per job have increased 71.4% since 2010. Recent wage gains have been particularly strong in restaurants and accommodations and many jobs remain seasonal. There are approximately 4,700 more jobs during peak months than during January and February, requiring strong levels of seasonal hiring each year.

The Outer Banks continues to experience strong seasonality, but there have been some important gains in shoulder season activity. Almost 60% of paid accommodations revenue (gross occupancy) was earned during the three-month peak season in 2022, but the shoulder season has shown the strongest growth with a 79.2% increase since 2019. Short-term rental data shows a similar pattern, with 44.5% of paid and owner guest nights occurring during the three-month peak season. The result is occupancy rates averaging 88.8% during peak season, potentially near its practical limit, and 56.8% in shoulder season.

Such a significant emphasis on the visitor economy warrants this Long-Range Tourism Management Plan. To mitigate the challenges related to the significant impact of tourism on the Outer Banks, particularly during the peak summer season, the following strategic recommendations will support a balanced growth scenario, ensuring residents and visitors benefit from the visitor economy, with a clear focus on sustainable and manageable visitation.



1. Strengthen resident and visitor engagement

- a. Continue to connect visitors with area non-profits to support and elevate their work.
- b. Lead a resident engagement program including resident advisory panels.
- c. Lead investment in the development of a volun-tourism strategy.
- d. Convene a Task Force to support the Visitors Bureau in the ongoing implementation of this plan.
- e. Hire a Community Engagement Manager to champion implementation of this plan.
- f. Develop a visitor pledge to communicate the important values of responsible behavior to visitors.

2. Adopt an integrated approach to improving environmental stewardship

- a. Lead investment in data platforms that allow for real-time analytics and use intel for targeting and education.
- b. Further the OBX as a recognized leader in outdoor recreation and stewardship amongst established recreation communities.
- c. Collaborate with leading environmentally conscious partners such as the Coastal Studies Institute to further sustainability benchmarks and strategy for visitors.
- d. Advocate for increased investment in roads, sidewalks and clean mobility to expand options for non-vehicular transportation.
- e. Convene a Sustainability Committee to provide ongoing input on tourism strategies that minimize environmental impacts.

3. Support infrastructure development that benefits the vitality of the community for residents and visitors

- a. Partner with municipalities, counties, region, and state to ensure infrastructure and development initiatives consider sustainability, resident and visitor needs.
- b. Partner with the Outer Banks Chamber of Commerce to develop a diverse talent attraction campaign.
- c. Continue to pursue development of an Event Center, while considering the ideal management scenario.
- d. Improve accessibility for people of all age groups and abilities.
- e. Undertake a density study as part of a capacity management plan.
- f. Support a pedestrian safety plan to understand the different mobility needs in the Outer Banks.
- g. Advocate for initiatives that will help maintain a vital shoreline.

4. Collaborate to advocate for an increase in housing diversity for all residents

- a. Collaborate with the County and other partners to advocate for an increase in home ownership options for a broader base of residents with established incentives to develop alternative and more sustainable housing. Develop an awareness and advocacy strategy to educate about needs for more housing diversity.
- b. Collaborate with the County and other partners to advocate for a balance in short and long-term rental and home ownership opportunities.
- c. Collaborate with Dare County and other partners to advocate for the development of public transportation, other mobility options and workforce accessibility.
- d. Partner with local groups to explore public-private housing development opportunities.

Project Management and Oversight

The Dare County Tourism Board, the public authority created through state legislation to lead marketing and promotion for Dare County's Outer Banks of North Carolina, determined that a Long-Range Tourism Management Plan was necessary to guide the responsible growth of tourism and optimize the benefits it provided to the local community while mitigating the negative impacts. In the Spring of 2022, they sought proposals from qualified research and consulting firms and created a Task Force to oversee this important work.

Dare County Tourism Board

Chair: Tim Cafferty, At Large

Vice Chair: Councilwoman Monica Thibodeau,
Town of Duck

Secretary: Councilman David Hines,
Town of Kitty Hawk

Treasurer: Commissioner Ervin Bateman,
Dare County Commissioners

Asst. Treasurer: Councilwoman Ivy Ingram, Town
of Kill Devil Hills

Personnel Committee Chair: Dennis Robinson,
Hatteras Island At Large

Mark Ballog, Outer Banks Restaurant Association

Gray Berryman, Outer Banks Association of Realtors

Commissioner Tod Clissold, Town of Manteo

Tonia Cohen, Outer Banks Hotel/Motel Association

Richard Hess, Outer Banks Chamber of Commerce

Councilman Leo Holland, Town of Southern Shores

Mayor Pro Tem Mike Siers, Town of Nags Head

Task Force

The Outer Banks Visitors Bureau would like to thank the regional community leaders who gave of their time and expertise as they served on the Task Force, providing guidance, leadership, and support in the development of the Long-Range Tourism Management Plan.

Lee Nettles, Outer Banks Visitors Bureau

Chris Sawin, Outer Banks Community Foundation

Reide Corbett, Coastal Studies Institute

David Hallac, National Park Service

Jessica Barnes, Outer Banks Forever

Karen Brown, Outer Banks Chamber

Luke Baer, Kitty Hawk Kites

Mark Ballog, Outer Banks Restaurant Association

Mary Helen Goodloe-Murphy, The Coastland

Times, Outer Banks Scenic Byway

Michael Tillett, Event Developer

Natalie Kavanaugh, Frisco Rod & Gun

Robert Outten, County Manager

Ronnie Sloan, Outer Banks Hospital

Shannon Castillo, Dare County Schools

Sterling Webster, Hilton Garden Inn

Teresa Armendarez, Elizabethan Gardens

Tim Cafferty, Dare County Tourism Board

Tim Sweeney, College of the Albermarle

Willo Kelly, Outer Banks Association of Realtors

Project Team

We would like to thank the dedicated project team members who worked diligently to move this project forward, from concept to completion. We want to acknowledge the partnership with our project partner, MMGY NextFactor, the lead agency on the project and partnering agency Tourism Economics for their expertise in forecasting and scenario modeling. The depth of knowledge and focus this team brought to the planning process was appreciated. This plan is, by design, a living document that will continue to deliver exceptional value to the community as we journey through the implementation phase and forge new partnerships along the way.



Outer Banks Visitors Bureau

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Executive Director

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Project Manager

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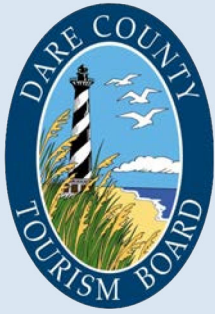
Teresa Allan
Project Manager



Tourism Economics

Aran Ryan
Director, Industry Studies

Letter from the



The Outer Banks[®]

VISITORS BUREAU

Traditionally, our job at the Visitors Bureau has been to attract visitors to Dare County and encourage travelers spend their discretionary time and income at local businesses in the Outer Banks as they enjoy a unique vacation experience. It has become necessary for our work to evolve beyond stimulating such economic impact by visitors to ensure that residents also have a strong quality of life and experience here as well.

That's why the Dare County Tourism Board decided to undertake this Long-Range Tourism Management Plan. It was clear we needed to think beyond the traditional models of tourism that have brought success, jobs, and development to our community and think long-term to preserve the unique history and tradition of the Outer Banks while sustaining our delicate natural environment.

When we embarked on developing this Plan, we intended to develop a roadmap for the future of tourism in the Outer Banks. But very quickly, it became an important community initiative, involving dozens of community leaders, hundreds of tourism-related stakeholders, and thousands of residents.

This roadmap was developed with input from our community, which makes it a more vital long-range plan. We're grateful for the input and feedback provided by many stakeholders.

Putting this Plan into action will require a similar lift from our stakeholders and residents. Because this is truly a plan for our entire community, the Dare County Tourism Board looks forward to working collaboratively to implement the recommendations for the benefit of residents and visitors to the Outer Banks for generations to come.

Sincerely,

Tim Cafferty
Chairman
Dare County Tourism Board

Lee Nettles
Executive Director
Outer Banks Visitors Bureau



Imagine It's the Year 2033

Imagine it's the year 2033. Tourism in the Outer Banks is more balanced than a decade ago, as visitor management efforts have taken shape and expectations of visitors to the area are communicated in a way that protects our core values and sustains the environment, culture, and community for the foreseeable future.

The shoreline in the Outer Banks is healthy and thriving, thanks to collective efforts between residents, organizations, and even visitors. Programs are in place to encourage travelers who want to contribute to environmental sustainability and support coastal health. The shoreline and parks in the Outer Banks are also reaping the benefits of fewer cars on the roads thanks to wider sidewalks, connected trails, regional transportation options, and new initiatives designed to increase pedestrian safety.

The Outer Banks is still a destination for outdoor recreationists, but now more than ever, those recreationalists are focused on leaving OBX in better condition than they found it, preserving it for their future use and for others to enjoy. They are also keen to explore new and different areas, ensuring parks, trails, and shorelines aren't being overused and damaged.

Thanks to collaborative efforts among many partners, housing for permanent and seasonal residents of the Outer Banks is more available and affordable than ever before. In addition, employers now attract and retain workers more easily because of accessible housing and safer mobility options, which results in visitors and locals having better experiences at service-driven businesses.

Residents of the Outer Banks feel more connected to tourism and their community than ever. Ongoing two-way communication with the Visitors Bureau helps residents understand tourism management plans, employment opportunities, mitigation strategies, and environmental stewardship initiatives supported by tourism. Residents understand avenues available to share their concerns and as a result, are more inclined to celebrate the positive benefits tourism brings to their families and community.

There is a pervasive sense of balance and pride in the Outer Banks. There is also an ongoing appreciation of the history and tradition that has made the Outer Banks so noteworthy. As community leaders reflect on the impact of these changes, many will credit their involvement in developing the Long-Range Tourism Management Plan in 2022 and 2023.



State of the Industry

The Outer Banks Visitors Bureau engaged MMGY NextFactor and Tourism Economics to provide forecast scenarios for the Outer Banks visitor economy over the next decade. As part of this research, Tourism Economics analyzed the Outer Banks visitor economy, reviewed the stakeholder input and strategic recommendations of the Long-Range Tourism Management Plan, and prepared a forecast model. Our findings are summarized as follows.

- The Outer Banks experienced a strong boost to travel activity as the pandemic, and subsequent recovery, impacted travel patterns. This growth has slowed, and in some areas, such as hotels and motels, revenue declined in 2022.
- The recent period of strong growth, coupled with years of previous growth, has contributed to especially tight labor markets with rising wage rates. Despite the tight labor market, many jobs remain seasonal, making it difficult for some workers and employers. At the same time, housing inventory has grown slowly, and rising housing costs place further pressure on working households.
- Though the destination remains highly seasonal, the shoulder season has experienced some of the strongest growth in tourism activity relative to other seasons, demonstrating capacity for the Outer Banks to moderately broaden activity across the year.

Tourism Economics prepared a forecast analysis with three potential scenarios:

- **Aggressive Growth Scenario:** The Outer Banks successfully pursues key elements of its Long-Range Tourism Management Plan. In this scenario, the destination generates greater visitor spending and economic activity than in the Moderate Growth Scenario, resulting in greater local tax revenue and more local jobs. Additionally, it develops a relatively stronger shoulder season supporting the extension of otherwise seasonal jobs and businesses closer to year-round.
- **Moderate Growth Scenario:** The Outer Banks pursues key elements of its Long-Range Tourism Management Plan. In this scenario, managing certain aspects of growth (housing, workforce, environmental stewardship) are prioritized initially, while a more modest level of intentional growth in visitor spending is pursued.
- **Retrench Scenario:** Recent growth in visitor activity strains the Outer Banks community, and efforts to manage challenges associated with visitor volumes, infrastructure, workforce, and housing garner insufficient momentum and are not pursued. The result is lower growth in visitor spending and economic activity than in the Moderate Growth Scenario, with lower local tax revenue and fewer jobs. More economic activity remains concentrated in peak season months, and some businesses close due to workforce challenges.



Key observations:

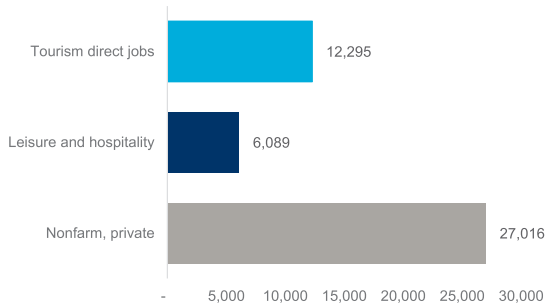
Tourism Economics analyzed aspects of Dare County's economy and tourism sector and noted the following:

- Tourism is critically important to the Dare County economy. In 2021, visitors to Dare County spent \$1.8 billion, supporting over 12,000 jobs and \$79 million of local tax revenue. This represents 45.5% of Dare County jobs.
- The Outer Banks experienced a strong boost to travel activity as the pandemic, and subsequent recovery, impacted travel patterns. Paid accommodations revenue in Dare County, as measured by gross occupancy reporting, increased 57.2% between 2019 and 2022. Adjusted for inflation, paid accommodations revenue in 2022 was 75.8% higher than in 2011.
- The pace of growth in accommodation revenue has slowed during the past year. Revenue growth slowed from 33.8% in 2021 to 5.6% in 2022. This is partly due to a 5.8% decline in motel/hotel receipts and partly because of slowed/reduced/decreased property management revenue.
- Labor markets are tight and wage rates have increased significantly. Higher labor costs, and lack of available staff, make for a challenging operating environment for many local businesses. Adjusted for inflation, average wages, salaries, and other earnings per job have increased 71.4% since 2010. Recent wage gains have been particularly strong in restaurants and accommodations.
- Many jobs remain seasonal. Though labor markets are tight, unemployment still soars during January and February. There are approximately 4,700 more jobs during peak months than during January and February, requiring strong levels of seasonal hiring each year.
- Housing inventory has grown slowly over the past 10 years or so. There are only about 3.6% more housing units than there were in 2010. Also, there appears to be a shift of units away from vacation and second home use. Home building activity has gradually increased in recent years, but 569 permits for new housing units were issued during 2021 in Dare County.
- The Outer Banks households face rising housing costs. House prices have increased significantly in recent years and a greater share of Dare County households than the state average spend more than 30 percent of income for housing.
- The destination continues to experience strong seasonality, but there have been some important gains in shoulder season activity. For this analysis, we defined three categories using monthly data: peak, shoulder and low season. Almost 60% of paid accommodations revenue (gross occupancy) was earned during the three-month peak season in 2022, but the shoulder season has shown the strongest growth with a 79.2% increase since 2019. Short-term rental data shows a similar pattern, with 44.5% of paid and owner guest nights occurring during the three-month peak season. The result is occupancy rates averaging 88.8% during peak season, potentially near its practical limit, and 56.8% in shoulder season.
- Mid-Atlantic states, such as Virginia and Pennsylvania remain key source markets, but growth will be slow and competition for visitors will be strong. About 60% of guests come from VA, PA, or NC. Personal income growth in these states is expected to continue, but at a slow pace. This means the Outer Banks will face a competitive market as it seeks to maintain and grow its visitor economy.

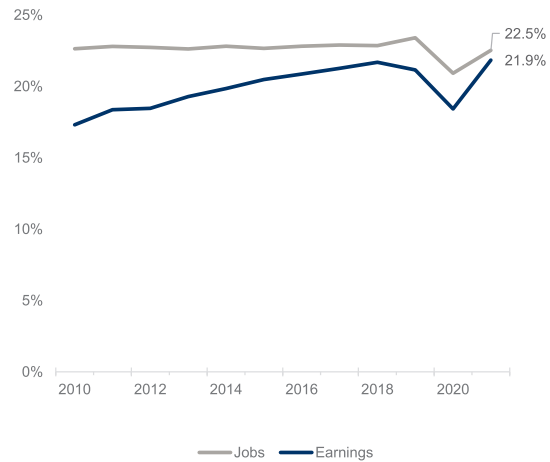
Tourism directly accounts for 45.5% of jobs in Dare County

- The 12,295 jobs in Dare County in 2021 directly supported by tourism represents almost half of all jobs in the county (45.5%). These direct tourism supported jobs include positions at establishments in food service, accommodations, retail, transportation, and other sectors.
- Many tourism jobs are in the leisure and hospitality sector (arts, entertainment, recreation, food service, accommodations). This sub-sector has increased its share of Dare County earnings over time, reaching 21.9% in 2021.

Employment comparison Dare County, 2021



Leisure and hospitality share Dare County



Note: Leisure and hospitality includes arts, entertainment, and recreation, as well as accommodation and food service. Data shown through 2021. Source: Bureau of Economic Analysis; Tourism Economics

Paid accommodations revenue increased 57.2% between 2019 and 2022

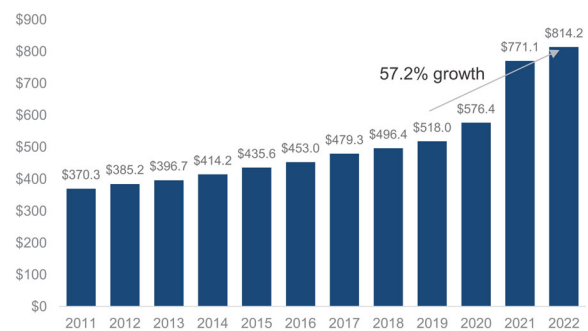
Paid accommodation revenue was increasing at a fast rate in the 2010's, then sharply accelerated through the COVID-19 pandemic.

Paid accommodation revenue grew to \$518 million in 2019, up from \$385 million in 2012, representing a 34% increase over seven years.

While the COVID-19 pandemic represented a temporary setback in travel for many destinations, the Outer Banks benefited from its specific mix of residential, lower density accommodations, outdoor orientation and drive-to accessibility. Lodging revenue grew to \$814 million in 2022, up 57% from 2019.

Adjusted for inflation, paid accommodations revenue in 2022 was 75.8% higher than in 2011.

Paid accommodation revenue (gross occupancy) Dare County, in millions



Source: The Outer Banks Visitors Bureau

The pace of growth in accommodation revenue is slowing

- The pace of growth in accommodation revenue slowed from 33.8% in 2021 to 5.6% in 2022.

Paid accommodation revenue (gross occupancy), by class

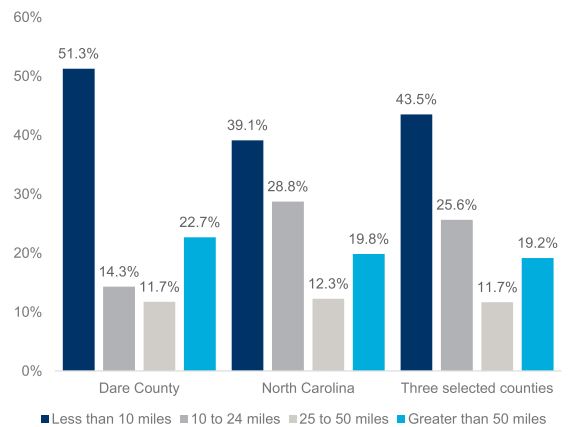
In millions	Amount				Growth			
	2019	2020	2021	2022	2020	2021	2022	2023-YTD Feb
Bed & Breakfast	3.1	1.9	3.2	2.6	-39.3%	69.9%	-19.7%	26.4%
Campground	8.4	10.8	15.5	9.7	29.4%	43.0%	-37.8%	-89.5%
Cottage	5.9	4.5	5.6	5.1	-23.0%	22.1%	-7.4%	-22.3%
Motel/Hotel	71.9	67.9	109.6	103.2	-5.7%	61.5%	-5.8%	7.2%
Property Management	425.4	487.9	633.1	690.9	14.7%	29.7%	9.1%	0.4%
Timeshare	3.3	3.3	4.1	2.8	1.2%	24.8%	-33.2%	43.4%
Total	\$518.0	\$576.4	\$771.1	\$814.2	11.3%	33.8%	5.6%	0.4%
Sub-categories								
Online Travel OTC	1.4	2.1	11.4	11.7	52.9%	435.2%	2.1%	24.7%
Other Rental/Homes	45.5	77.9	126.6	139.8	71.2%	62.4%	10.4%	1.3%

Note: The Online Travel OTC row is a sub-set of the Motel/Hotel class reported above, and Other Rental/Homes is a sub-set of the Property Management category to reflect rental collections coming from individually owned and rented units (e.g., rented through Airbnb and VRBO). Source: The Outer Banks Visitors Bureau

The Outer Banks workers travel a similar distance to work as the state overall

- On average, about two-thirds of the Outer Banks workers travel 24 miles or less to work.
- This does not reflect the challenges of increased travel times during peak periods due to traffic.

Employees by distance traveled to work By workplace location, 2020



Note: Three selected counties are Carteret, Currituck and Hyde. Source: Census Bureau (LEHD); Tourism Economics

The three forecast scenarios result in different levels of economic activity and local tax revenues

The different scenario assumptions result in different possible outcomes for the Outer Banks as a destination and as a local economy.

Scenario	Visitor spending in 2032 (real, 2022 dollars)	Tourism employment in 2032	Seasonality in 2032 (Shoulder season share of paid accommodation revenue)
Aggressive Growth	Reaches \$2.3 billion, resulting in greater local tax revenues	Reaches 12,875, representing 6.5% more jobs than in Moderate Growth scenario	Shoulder season increases to 26.5%, extend some jobs and business activity closer to year-round
Moderate Growth	Reaches \$2.1 billion	Stabilizes at approximately 12,087 jobs	Shoulder season averages approximately 22.5%
Retrench	Reaches \$1.9 billion, supporting lower level of tax revenue than in Moderate Growth or Aggressive Growth scenarios	Declines to 10,864 jobs, but it's still tough for local businesses to find qualified employees	Shoulder season retreats to 18.9%, resulting in a more highly seasonal destination

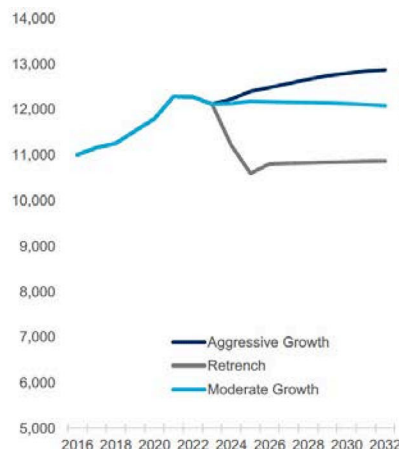
The pace of growth in accommodation revenue is slowing

Scenario estimates

Visitor spending
Real, 2022 dollars, in billions



Tourism direct jobs



Shoulder season share
Share of paid accommodation (gross occupancy)



Recommendations

The Outer Banks has experienced quite strong growth in tourism over the past three years. This type of growth placed pressure on the destination; for example, by contributing to challenges for employers finding qualified workers and residents finding affordable housing. This stresses the capacity of infrastructure and environmental resources, and straining aspects of the local quality of life and community tolerance for visitors.

In addition to this growth, the Outer Banks is also experiencing home price appreciation, and pressures from regional tightness in labor markets that make it more difficult to recruit workers from other areas.

The scenarios we prepared help portray what we see as potential future paths but are also intended to help demonstrate that successful efforts on focus areas identified in the Long-Range Tourism Management Plan are critical to evolving tourism as part of the Outer Banks community. Without progress on areas such as strengthening resident and visitor engagement, environmental stewardship, infrastructure, workforce, and housing, the Outer Banks will face headwinds that make it increasingly difficult to have a tourism sector that is seen as working and successful by residents.

Therefore, we recommend that efforts as outlined in the Long-Range Tourism Management Plan receive a high degree of attention, funding, and support. Through its recent growth in tourism, and with additional pressures of rising home prices, the Outer Banks is at a point at which active management of critical aspects of the destination is of utmost importance. It is incumbent on the Visitors Bureau to balance the needs of businesses who want continued growth in the number of visitors with the desires of the community at large. They must ensure the pace of growth does not impede quality of life, overtax the existing infrastructure or irreparably damage fragile ecosystems while still advancing and achieving their mission.

By aligning stakeholder efforts and resources on common priorities, such as infrastructure and development that considers sustainability, resident and visitor needs, the Outer Banks can make progress that better prepares it for long-term success.

In pursuing such priorities, it is anticipated that some steps will be taken that impede visitor activity, or slow potential growth, particularly during peak periods. Such near-term steps may be necessary to reach longer-term success as a destination. This underscores the importance of developing stakeholder support and focus on long-term success.

The comprehensive report by Tourism Economics can be read in Appendix A.



Long-Range Tourism Management Planning Process

Stakeholder Engagement

MMGY NextFactor met with over 50 stakeholders through a series of focus groups and in-depth interviews, all which took place between September 2022 and January 2023. The primary purpose of this engagement was to identify key opportunities and challenges for the future of the Outer Banks as a destination for visitors and a quality place for residents to live, work and play.



Task Force

A Task Force of 19 community leaders from throughout the Outer Banks was assembled to guide the process, advise on key considerations, ensure alignment with existing strategies and initiatives, and champion the Long-Range Tourism Management Plan from development through implementation. The Task Force met for four working sessions throughout the process, in addition to participating in many of the focus groups, surveys, and Town Halls.

Interviews

Fourteen in-depth one-on-one interviews were conducted in-person and virtually with key stakeholders who provided specific insights into the Outer Banks.

Focus Groups

Seven focus groups were facilitated with over 35 stakeholders representing stakeholders from the following sectors:

- Emergency services
- Attractions
- Local business
- Agritourism
- Outdoor recreation
- Accommodations
- Restaurants and catering
- Education
- Health care
- Government
- Community foundation
- Park Service

“The biggest thing we have going here is not what we have. It’s what we don’t have.”

— Outer Banks Stakeholder

“We must respect the people who live here and seek to find balance between tourism interests and our way of life.”

— Outer Banks Stakeholder



Following the completion of the in-depth interviews and focus groups, key opportunities and challenges emerged:

Key opportunities:

- Outdoor recreation
- Festivals and events
- Natural environment
- History, arts & culture
- Lifestyle
- Community

Key challenges:

- Housing
- Workforce
- Access, connectivity, and mobility
- Diversity
- Balance vs seasonality
- Environment

Resident Survey

In consultation with the Outer Banks Visitors Bureau, MMGY NextFactor developed an online survey to identify and gauge residents’ perceptions about a variety of key characteristics with respect to livability, culture, economy and sense of place in the Outer Banks. More than 4,500 residents responded to the survey between October 24 and November 28, 2022.

Residents responded that tourism is seen as an important component of the Outer Banks economy, with many believing that the positive benefits of tourism outweigh the negative impacts. They also felt that the local economy is too heavily dependent on tourism, and the community needs to manage its residential growth. There is a strong belief among respondents that an increase in tourism will create traffic congestion.

More than 60% of the respondents live in the Outer Banks year-round. Residents would like to attract visitors who:

- Are respectful of our local lifestyle; and
- Who care about protecting our natural resources

About 37% of the respondents are employed in tourism or hospitality jobs, while about 40% of the respondents are retired.

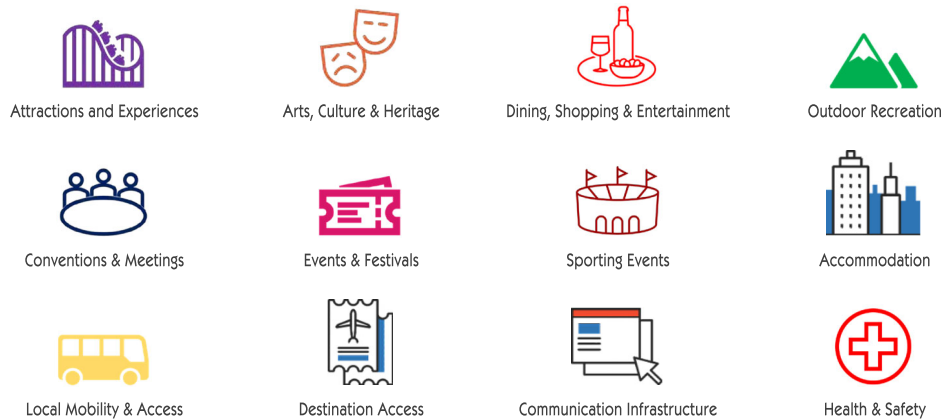
Town Halls

MMGY NextFactor facilitated two resident town hall sessions in January 2023. These town halls were hosted on Hatteras Island and in Kill Devil Hills and were attended by approximately 200 residents, combined, as well as local media. These sessions were intended to offer residents further opportunity to share their vision for the future of tourism in the Outer Banks and were focused on solution-oriented exercises and group discussions.

DestinationNEXT Assessment

MMGY NextFactor conducted a detailed assessment of the Outer Banks visitor economy utilizing a comprehensive stakeholder survey that measures perceptions of destination strength and destination alignment, based on a series of 24 variables. The results were then used to plot the Outer Banks into a Scenario Model, which shows the specific opportunities to build upon.

DESTINATION STRENGTH VARIABLES



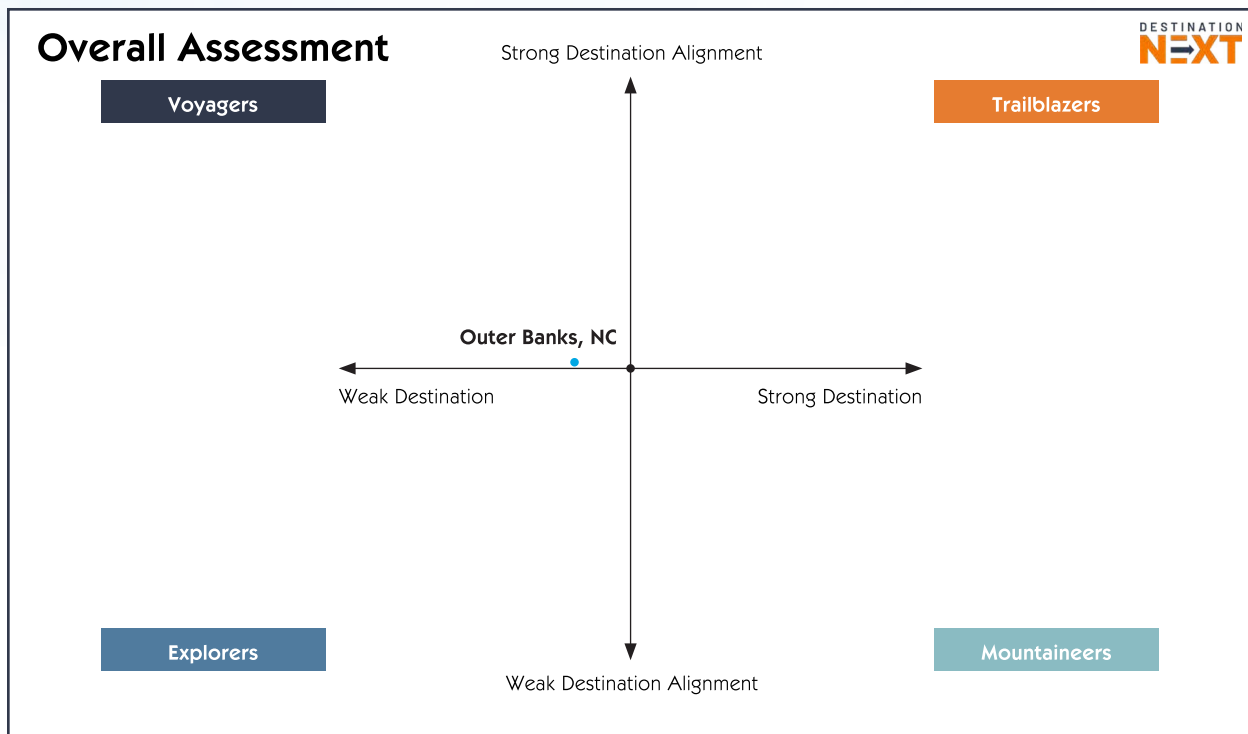
DESTINATION ALIGNMENT VARIABLES



In total, 179 stakeholders completed the assessment, including those representing customers, the Dare County Tourism Board of Directors, government leaders, industry partners, community leaders, and the Visitors Bureau team.

From a Destination Strength perspective, stakeholders rated attractions and experiences, outdoor recreation, health & safety, arts, culture & heritage and accommodations highest, while sporting events, local mobility & access, destination access and communication infrastructure lowest.

From a Destination Alignment perspective, funding support and certainty and organizational governance of the Visitors Bureau were rated highest, as well as business support, regional cooperation and emergency preparedness. The lowest score was workforce development.



Survey respondents scored the Outer Banks in the Voyager category, meaning there is above average alignment of stakeholders, but a need to enhance the strength of the assets and experiences in the destination. As the recommendations of this plan are implemented, the Outer Banks should move closer to the enviable Trailblazer category where both strength of community alignment and destination assets and experiences intersect.

Key Findings

The compiled data, along with key findings and recommendations, were presented to the Task Force in a series of four working sessions throughout the project. Taken together, the sum of all the engagement uncovered six key findings.

1. Affordable and appropriate residential and seasonal worker housing must be addressed in the plan.
2. Environmental stewardship initiatives must be supported by both residents and visitors.
3. Appropriate quality of life measures must be developed for year-round residents (including health care, roads, sidewalks, etc.).
4. Residents are fiercely protective and proud of the Outer Banks.
5. Transportation, traffic and mobility options must be addressed for both residents and visitors.
6. Outdoor recreation and sports-related tourism are key opportunities.

Visioning Session

The results and insights gleaned from these research activities were then used in a visioning workshop with the Task Force to envision the ideal future of tourism management in the Outer Banks and to develop priorities for the plan.

Validation Session

The results of the workshop were then compiled into a Draft Recommendations Report, which was presented to the Task Force and Outer Banks Visitors Bureau Board and staff for feedback and validation.

Values & Vision

When considering the values and vision of the Outer Banks, the Long-Range Tourism Management Plan Task Force noted that tradition and history must be acknowledged for their significant role in shaping the fabric of the Outer Banks. They are critical elements of what must be protected in the future, as is the natural environment, which is celebrated as a dynamic and ever-changing element rather than a stagnant one to be relied upon.

Outer Banks Values

A historically significant coastal community rooted in tradition, shaped by its dynamic natural environment, and celebrated for its quality experiences for locals and visitors.

A shared vision for the Outer Banks in 2033 is both aspirational and inspirational. It serves as a description of the future state of the destination designed to rally both stakeholders and residents around a common cause.

Outer Banks Vision

In 2033, the Outer Banks will be:

Idyllic island communities where residents and visitors coexist and thrive thanks to thoughtful efforts to balance and sustain quality of life with quality of place.

Ensuring quality experiences for locals and visitors emerged as a strong priority during engagement with stakeholders and residents. This reflects their emphasis on having robust experiences throughout the Outer Banks, for those who live there year-round, part-time, and for those who visit.



Strategic Goals

These strategic goals provide the framework for the actions, partnerships and investments for the long-range consideration of tourism and quality of place in the Outer Banks.

These goals offer guidance on how to achieve the overarching vision and develop the long-term competitive positioning for the Outer Banks as a great place to live and as a visitor destination, as well as some of the outcomes that could be attained by implementation of these goals.

Strategic Goals for the Outer Banks

- | | |
|----------|--|
| 1 | Strengthen resident and visitor engagement. |
| 2 | Adopt an integrated approach to improving environmental stewardship. |
| 3 | Support infrastructure development that supports the vitality of the community residents and visitors. |
| 4 | Collaborate to advocate for an increase in residential housing diversity. |

Strategy 1 Strengthen resident and visitor engagement



“We welcome you with open arms if you accept us for what we are. Don’t try to change us to meet your expectations.”

– Outer Banks Resident

Strengthening relationships with residents will be critical to ongoing collaboration toward the vision of the Outer Banks. Residents repeatedly stated through town halls and surveys that they desire more meaningful engagement with the Visitors Bureau and this Long-Range Tourism Management Plan. This engagement must allow for all residents to participate, including underserved communities.

Extending increased engagement to include visitors will also be of utmost importance, particularly to reframe expectations of visitor behavior in the Outer Banks. Even those whose livelihoods depended on visitors and visitor spending noted that it was essential to attract visitors who respected and appreciated what the Outer Banks already had and weren’t intent on changing it to be something different. Developing programs to educate visitors and attract those interested in contributing to the community will be important.

- a.** Continue to connect visitors with area non-profits to support and elevate their work.
Result: Improve equity, diversity and inclusion.
- b.** Lead a resident engagement program including resident advisory panels.
Result: Ensure effective two-way communication between residents and industry that will result in positive benefits for all. Providing supports for VFR and short-term rental markets for a better visitor experience.
- c.** Lead investment in the development of a volun-tourism strategy.
Result: Attracting conscientious visitors.
- d.** Convene a Task Force to support the Visitors Bureau in the ongoing implementation of this plan.
Result: Broad community-led support for the long-term success of plan.
- e.** Hire a Community Engagement Manager to champion implementation of this plan.
Result: Optimizing execution of the plan to ensure community awareness and participation
- f.** Develop a visitor pledge to communicate the important values of responsible behavior to visitors.
Result: Setting expectations with visitors about expected behavior while in the Outer Banks..

Strategy 2 Adopt an integrated approach to improving environmental stewardship



The natural environment in the Outer Banks is valued and dynamic. Much as the predecessors of the area did, we must continue to protect the shores, marine life, parks, and wildlife through our choices and behaviors to ensure a resilient future for generations to come. This integrated approach will also support improved quality of life for residents and quality of place for all.

- a.** Lead investment in data platforms that allow for real-time analytics and use intel for targeting and education.
Result: Intel can be used to educate visitors and support behavioral changes.
- b.** Further the OBX as a recognized leader in outdoor recreation and stewardship amongst established recreation communities.
Result: Increase destination competitiveness and visitors who are committed to sustainability.
- c.** Collaborate with leading environmentally conscious partners such as the Coastal Studies Institute to further sustainability benchmarks and strategy for visitors.
Result: Identify the necessary uniform metrics and processes to maintain the quality of the environment.
- d.** Advocate for a comprehensive increased investment in roads, sidewalks and clean mobility to expand options for non-vehicular transportation.
Result: Mitigate traffic gridlock, increase pedestrian safety, enhance local quality of life, and increase visitor spend in small local businesses.
- e.** Convene a Sustainability Committee to provide ongoing input on tourism strategies that minimize environmental impacts.
Result: Consistent community and industry engagement related to protecting the natural resources.

Strategy 3 Support infrastructure development that benefits the vitality of the community for residents and visitors



By supporting infrastructure development that benefits the vitality of the community for residents and visitors, the Outer Banks will be addressing multiple needs. This goal will take a collaborative effort to realize, however the benefits to the Outer Banks will span generations as the OBX will become more accessible and sustainable both economically and environmentally.

- a.** Partner with municipalities, counties, the region, and state to ensure infrastructure and development initiatives consider sustainability, resident and visitor needs.
Result: Infrastructure that prepares for future generations and aligns with the vision and needs of the OBX.
- b.** Partner with the Outer Banks Chamber of Commerce to develop a diverse talent attraction campaign.
Result: The creation of more skilled and higher paying jobs, along with a sufficient workforce to fulfill the needs of the tourism and business sector.
- c.** Continue to pursue development of an Event Center, while considering the ideal management scenario.
Result: Opportunity to diversify the visitor economy during shoulder seasons.
- d.** Improve accessibility for people of all age groups and abilities.
Result: Be a more inclusive community.
- e.** Undertake a density study as part of a capacity management plan.
Result: Understanding the limitations of welcoming visitors and implementing appropriate solutions.
- f.** Support a pedestrian safety plan to understand the different mobility needs in the Outer Banks.
Result: Data-driven research to drive pedestrian-friendly investment and development.
- g.** Advocate for initiatives that will help maintain and preserve the vitality of our shorelines.
Result: Ongoing care and protection of our natural resources.

Strategy 4 Collaborate to advocate for an increase in housing diversity for all residents



The primary topic raised by stakeholders and residents through this process related to the availability and affordability of housing. This goal acknowledges the important ongoing work by Dare County and multiple groups to address housing in the Outer Banks, and suggests the need for collaboration and partnership in advancing those efforts for the benefit of all residents, including those in the tourism and hospitality industry.

- a.** Collaborate with Dare County and other partners to advocate for an increase in home ownership options for a broader base of residents with established incentives to develop alternative and more sustainable housing. Develop an awareness and advocacy strategy to educate about needs for more housing diversity.

Result: Increase housing diversity; retain and attract full-time residents. Establishing a common understanding of the existing needs and possible solutions.

- b.** Collaborate with Dare County and other partners to advocate for a balance in short and long-term rental and home ownership opportunities.

Result: Prioritize and fund ongoing land-use and policy updates to ensure enforcement and compliance.

- c.** Collaborate with Dare County and other partners to advocate for the development of public transportation, other mobility options and workforce accessibility.

Result: Allow for regional transit to expand housing and workforce options.

- d.** Partner with local groups to explore public-private housing development opportunities.

Result: Increase in diversity of development options and a mix of essential and affordable options.

Roles & Next Steps

From the outset of the Long-Range Tourism Management Plan process, the community was engaged and excited to support implementing strategic recommendations for balanced growth and development.

As the Outer Banks Visitors Bureau doesn't own many of the assets and experiences related to the visitor economy, they cannot single-handedly move this Long-Range Tourism Management Plan forward without a lot of community support. An implementation plan has also been developed outlining priority actions, partnerships, and success indicators necessary to be undertaken by the Dare County Tourism Board including the various roles they have in implementing the Long-Range Tourism Management Plan including:

ADVOCATE

There will be instances where the Outer Banks Visitors Bureau will advocate for the advancement of strategic initiatives that will advance the area for the benefit of visitors and residents.

CONVENER

The Outer Banks Visitors Bureau may be the conveners of groups and those in positions to advance initiatives.

LEADER

There will be instances where the Outer Banks Visitors Bureau takes the lead as the organization to advance initiatives.

SUPPORTER

Finally, the Outer Banks Visitors Bureau will support or partner with other leading organizations on advancing important initiatives outside their mission and scope of work that will advance the area for the benefit of visitors and residents.

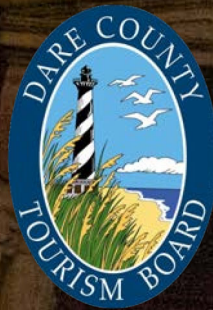


Several initiatives within the plan will be incorporated into the Outer Banks Visitors Bureau's strategic plan to ensure implementation through organizational focus, support, and resources.

It is recommended that subcommittees and working groups be convened with members of the Task Force and other community leaders to guide implementation, collaborate on initiatives, and report on progress and performance measures.

With a collaborative, focused and original approach to the implementation of this Long-Range Tourism Management Plan, it will result in the growth of the visitor economy and its widespread benefits for the entire region.

By capitalizing on this opportunity to effectively balance the significant benefits of tourism to the Outer Banks with the needs of our residents and the realities of our natural environment, we are starting a long-term process and commitment that will benefit our region for generations to come.



The Outer Banks[®]
VISITORS BUREAU

Official Tourism Authority for
Dare County's Outer Banks
www.outerbanks.org

A man in a red and white plaid shirt, tan waders, and a cap is fishing in the surf. He is holding a fishing rod that is bent, indicating a catch. The background shows a beach with waves and another person fishing in the distance. The sky is bright and overcast.

Appendix A



The Outer Banks Visitor Economy Forecast, 2023 to 2032

May 2023

Prepared for:



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Executive Summary

The Outer Banks Visitors Bureau engaged MMGY NextFactor and Tourism Economics to provide forecast scenarios for The Outer Banks visitor economy over the next decade. As part of this research, we analyzed The Outer Banks visitor economy, reviewed the Long-Range Tourism Management Plan presented in the Validation Session and dated April 6, 2023, and prepared a forecast model. Our findings are summarized as follows.

- The Outer Banks experienced a strong boost to travel activity as the pandemic, and subsequent recovery, impacted travel patterns. This growth has slowed, and in some areas, such as hotels and motels, revenue declined last year.
- The recent period of strong growth, coupled with years of previous growth, has contributed to especially tight labor markets with rising wage rates. Despite the tight labor market, many jobs remain seasonal, making it difficult for some workers and employers. At the same time, housing inventory has grown slowly, and rising housing costs place further pressure on working households.
- Though the destination remains highly seasonal, the shoulder season has experienced some of the strongest growth in tourism activity relative to other seasons, demonstrating capacity for The Outer Banks to moderately broaden activity across the year.
- We prepared a forecast analysis with three potential scenarios.
 - **Aggressive Growth Scenario:** The Outer Banks successfully pursues key elements of its Long-Range Tourism Management Plan. In this scenario, the destination generates greater visitor spending and economic activity than in the Moderate Growth Scenario, resulting in greater local tax revenue and more local jobs. Additionally, it develops a relatively stronger shoulder season supporting the extension of otherwise seasonal jobs and businesses closer to year-round.
 - **Moderate Growth Scenario:** The Outer Banks implements selected efforts to continue to evolve and manage the destination. Workforce challenges persist, but the destination maintains key aspects of its attractiveness, grows visitor spending moderately and supports existing employment levels.
 - **Retrench Scenario:** Recent growth in visitor activity strains The Outer Banks community, and efforts to manage challenges associated with visitor volumes, infrastructure, workforce and housing garner insufficient momentum and are not pursued. The result is lower growth in visitor spending and economic activity than in the Moderate Growth Scenario, with lower local tax revenue and fewer jobs. More economic activity remains concentrated in peak season months, and some businesses close due to workforce challenges.

Recommendations

The Outer Banks has experienced quite strong growth in tourism over the past three years. This type of growth would place strong pressures on the destination; for example, by contributing to challenges for employers finding qualified workers and residents finding affordable housing, stressing the capacity of infrastructure and environmental resources, and straining aspects of the local quality of life and community tolerance for visitors.

In addition to this growth, the Outer Banks is also experiencing home price appreciation, and pressures from regional tightness in labor markets that make it more difficult to recruit workers from other areas.

The scenarios we prepared help portray what we see as potential future paths but are also intended to help demonstrate that successful efforts on focus areas identified in the Long-Range Tourism Management Plan are critical to evolving tourism as part of the Outer Banks community. Without progress on areas such as strengthening resident and visitor engagement, environmental stewardship, infrastructure, workforce, and housing, the Outer Banks will face headwinds that make it increasingly difficult to have a tourism sector that is seen as working and successful by residents.

Therefore, we would recommend that efforts as outlined in the Long-Term Tourism Management Plan receive a high-degree of attention, funding, and support. Through its recent growth in tourism, and with additional pressures of rising home prices, the Outer Banks is at a point at which active management of critical aspects of the destination is of utmost importance.

By aligning stakeholder efforts and resources on common priorities, such as infrastructure and development that considers sustainability, resident and visitor needs, the Outer Banks can make progress that better prepares it long-term success.

In pursuing such priorities, it is anticipated that some steps will be taken that impede visitor activity, or slow potential growth, particularly during peak periods. Such near-term steps may be necessary to reach longer-term success as a destination. This underscores the importance of developing stakeholder support and focus on long-term success.

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Key Observations

We analyzed aspects of Dare County's economy and tourism sector and noted the following:

- **Tourism is critically important to the Dare County economy.** In 2021, visitors to Dare County spent \$1.8 billion, supporting over 12,000 jobs and \$79 million of local tax revenue. This represents 45.5% of Dare County jobs.
- **The Outer Banks experienced a strong boost to travel activity as the pandemic, and subsequent recovery, impacted travel patterns.** Paid accommodations revenue in Dare County, as measured by gross occupancy reporting, increased 57.2% between 2019 and 2022. Adjusted for inflation, paid accommodations revenue in 2022 was 75.8% higher than in 2011.
- **The pace of growth in accommodation revenue has slowed during the past year.** Revenue growth slowed from 33.8% in 2021 to 5.6% in 2022. This is partly due to a 5.8% decline in motel/hotel receipts and partly as a result of slowed/reduced/decreased property management revenue.
- **Labor markets are tight and wage rates have increased significantly.** Higher labor costs, and lack of available staff, make for a challenging operating environment for many local businesses. Adjusted for inflation, average wages, salaries and other earnings per job have increased 71.4% since 2010. Recent wage gains have been particularly strong in restaurants and accommodations.
- **Many jobs remain seasonal.** Though labor markets are tight, unemployment still soars during January and February. There are approximately 4,700 more jobs during peak months than during January and February, requiring strong levels of seasonal hiring each year.
- **Housing inventory has grown slowly over the past 10 years or so.** There are only about 3.6% more housing units than there were in 2010. Also, there appears to be a shift of units away from vacation and second home use. Home building activity has gradually increased in recent years, but 569 permits for new housing units were issued during 2021 in Dare County.

Key Observations

- **The Outer Banks households face rising housing costs.** House prices have increased significantly in recent years and a greater share of Dare County households than the state average spend more than 30 percent of income for housing.
- **The destination continues to experience strong seasonality, but there have been some important gains in shoulder season activity.** For the purpose of this analysis, we defined three categories using monthly data: peak, shoulder and low season. Almost 60% of paid accommodations revenue (gross occupancy) was earned during the three-month peak season in 2022, but the shoulder season has shown the strongest growth with a 79.2% increase since 2019. Short-term rental data shows a similar pattern, with 44.5% of paid and owner guest nights occurring during the three-month peak season. The result is occupancy rates averaging 88.8% during peak season, potentially near its practical limit, and 56.8% in shoulder season.
- **Mid-Atlantic states, such as Virginia and Pennsylvania remain key source markets, but growth will be slow and competition for visitors will be strong.** About 60% of guests come from VA, PA or NC. Personal income growth in these states is expected to continue, but at a slow pace. This means The Outer Banks will face a competitive market as it seeks to maintain and grow its visitor economy.

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Tourism spending supports jobs and tax revenue in Dare County

- Visitors spent an estimated \$1.8 billion in Dare County during 2021. This spending directly supported over 12,000 jobs, \$454 million in wages, and \$147 million in state and local taxes. This tax impact reduces the average residents' tax burden by \$3,900.
- These estimates are reported in the “The Economic Impact of Travel on North Carolina Counties”, research prepared for Visit North Carolina by Tourism Economics.

Economic impacts of Dare County visitor economy

Direct impacts

Measure	2021
Visitor spending (in millions)	\$1,826.7
Lodging	\$464.5
F&B	\$573.7
Recreation	\$268.4
Retail	\$174.1
Transport	\$346.1
Tourism employment	12,295
Tourism income (in millions)	\$453.9
State taxes (in millions)	\$67.6
Local taxes (in millions)	\$79.2
State and local tax savings per resident	\$3,930

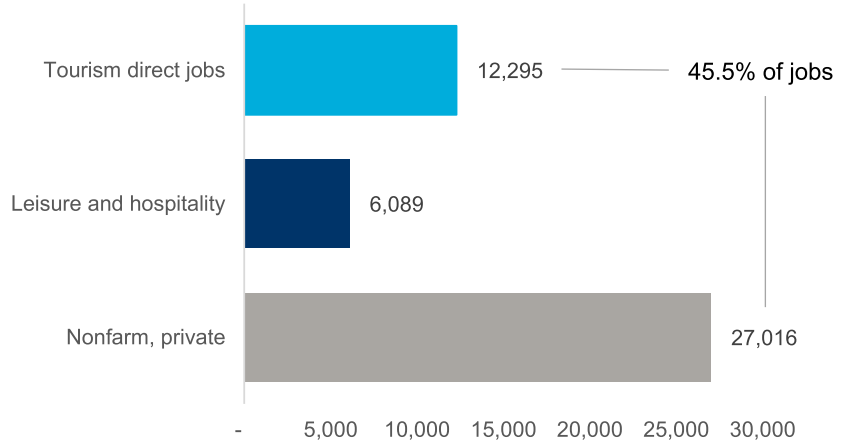
Note: Impacts shown are direct impacts and not including downstream (indirect and induced) effects, such as supply-chain impacts

Source: Economic Development Partnership of North Carolina, Tourism Economics

Tourism directly accounts for 45.5% of jobs in Dare County

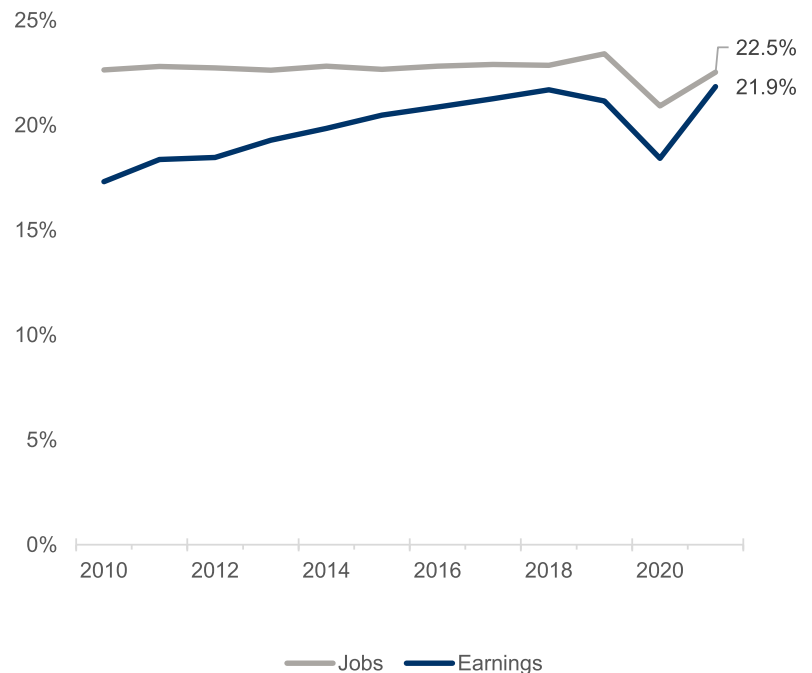
- The 12,295 jobs in Dare County in 2021 directly supported by tourism represents almost half of all jobs in the county (45.5%). These direct tourism supported jobs include positions at establishments in food service, accommodations, retail, transportation, and other sectors.
-
- Many tourism jobs are in the leisure and hospitality sector (arts, entertainment, recreation, food service, accommodations). This sub-sector has increased its share of Dare County earnings over time, reaching 21.9% in 2021.

Employment comparison
Dare County, 2021



Source: Bureau of Economic Analysis; Tourism Economics

Leisure and hospitality share
Dare County



Note: Leisure and hospitality includes arts, entertainment, and recreation, as well as accommodation and food service. Data shown through 2021.

Source: Bureau of Economic Analysis; Tourism Economics

Paid accommodations revenue increased 57.2% between 2019 and 2022

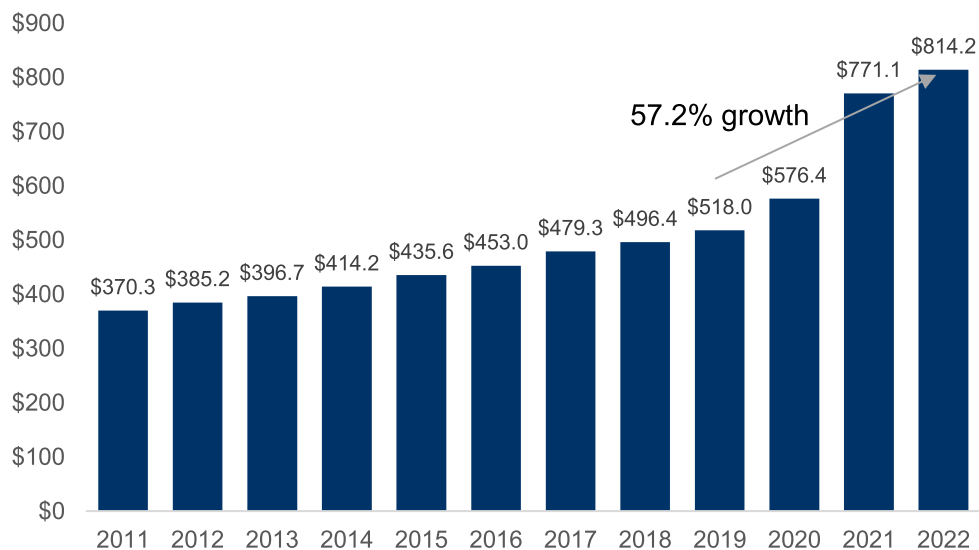
Paid accommodation revenue was increasing at a fast rate in the 2010's, then sharply accelerated through the COVID-19 pandemic.

Paid accommodation revenue grew to \$518 million in 2019, up from \$385 million in 2012, representing a 34% increase over seven years.

While the COVID-19 pandemic represented a temporary setback in travel for many destinations, the Outer Banks benefited from its specific mix of residential, lower density accommodations, outdoor orientation and drive-to accessibility. Lodging revenue grew to \$814 million in 2022, up 57% from 2019.

Adjusted for inflation, paid accommodations revenue in 2022 was 75.8% higher than in 2011.

Paid accommodation revenue (gross occupancy)
Dare County, in millions

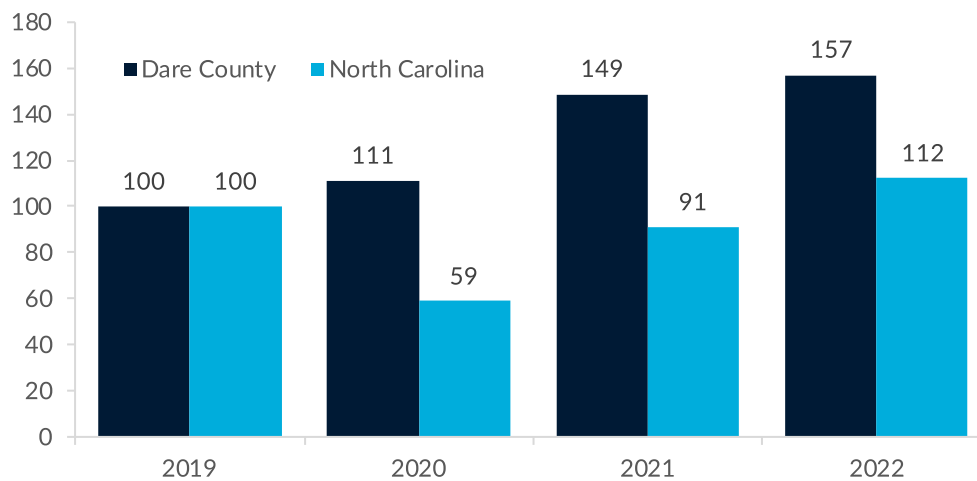


Source: The Outer Banks Visitors Bureau

Dare County paid accommodation revenue growth has outperformed the state

- Paid accommodation revenue growth in Dare County (gross occupancy including property management and motel/hotel) has outpaced North Carolina growth as measured by hotel revenue.

Dare County paid accommodation revenue comparison
Index (2019=100)



Source: The Outer Banks Visitors Bureau; STR

*Paid accommodations for Dare County, hotel lodging for North Carolina

The pace of growth in accommodation revenue is slowing

- The pace of growth in accommodation revenue slowed from 33.8% in 2021 to 5.6% in 2022.

Paid accommodation revenue (gross occupancy), by class

In millions

	Amount				Growth			
	2019	2020	2021	2022	2020	2021	2022	2023-YTD Feb
Bed & Breakfast	3.1	1.9	3.2	2.6	-39.3%	69.9%	-19.7%	26.4%
Campground	8.4	10.8	15.5	9.7	29.4%	43.0%	-37.8%	-89.5%
Cottage	5.9	4.5	5.6	5.1	-23.0%	22.1%	-7.4%	-22.3%
Motel/Hotel	71.9	67.9	109.6	103.2	-5.7%	61.5%	-5.8%	7.2%
Property Management	425.4	487.9	633.1	690.9	14.7%	29.7%	9.1%	0.4%
Timeshare	3.3	3.3	4.1	2.8	1.2%	24.8%	-33.2%	43.4%
Total	\$518.0	\$576.4	\$771.1	\$814.2	11.3%	33.8%	5.6%	0.4%
Sub-categories								
Online Travel OTC	1.4	2.1	11.4	11.7	52.9%	435.2%	2.1%	24.7%
Other Rental/Homes	45.5	77.9	126.6	139.8	71.2%	62.4%	10.4%	1.3%

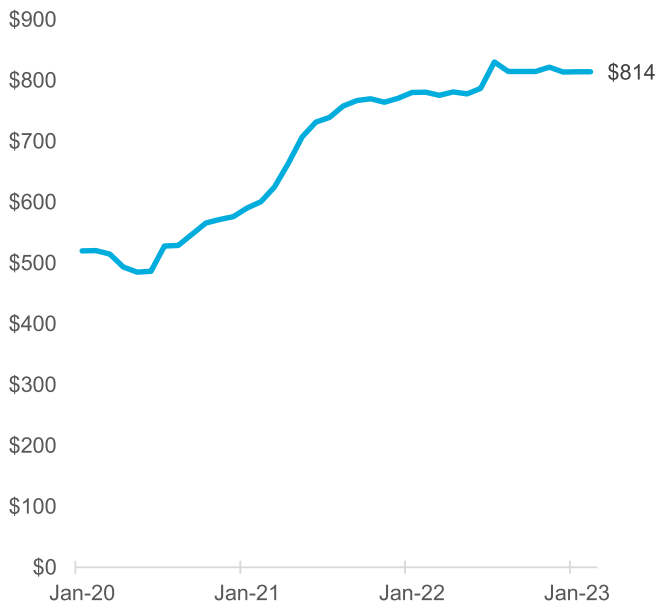
Note: The Online Travel OTC row is a sub-set of the Motel/Hotel class reported above, and Other Rental/Homes is a sub-set of the Property Management category to reflect rental collections coming from individually owned and rented units (e.g., rented through Airbnb and VRBO).

Source: The Outer Banks Visitors Bureau

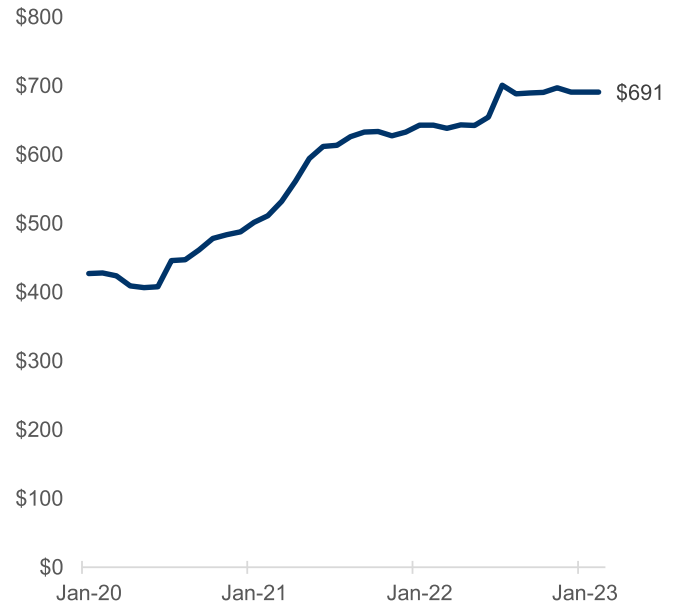
Motel/hotel receipts declined 5.8% in 2022, and slower rental revenue growth is evident in property management receipts

Gross occupancy: Trailing twelve-month total

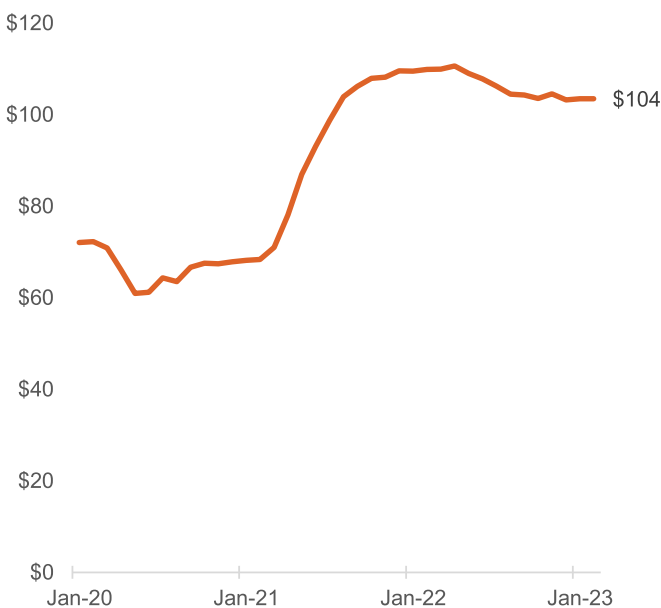
Total In millions



Property management In millions



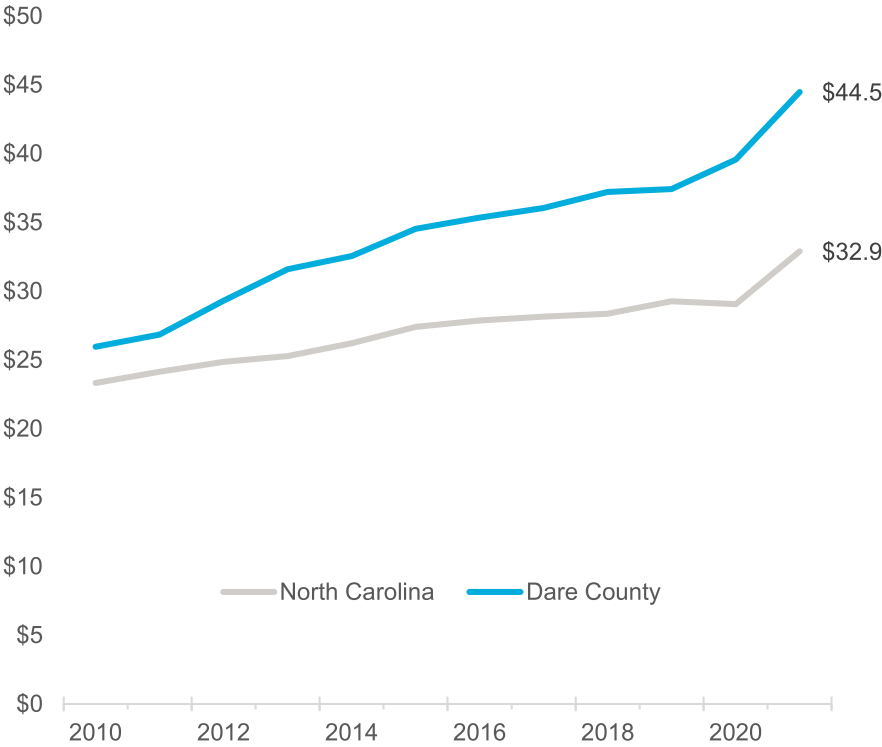
Motel/Hotel In millions



Wages and salaries per job have grown strongly

- Wages, salaries and other compensation (referred to here as earnings) in the leisure and hospitality sector increased to an average of \$44,500 in Dare County in 2021.
- This represents a strong 71.4% increase relative to the average earnings per job in 2010 of \$26,000 (adjusted for inflation, i.e., in today's dollars).
- Higher labor costs, and lack of available staff, make for a challenging operating environment for many local businesses.

Earnings per job in leisure and hospitality
In thousands, real



Source: Bureau of Economic Analysis; Tourism Economics

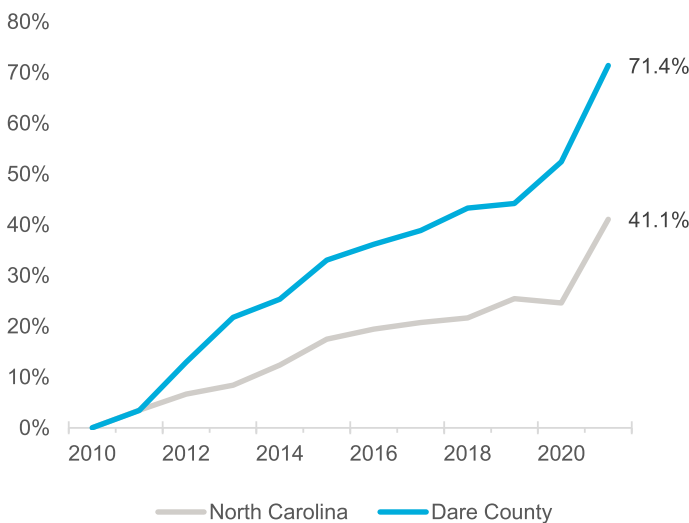
Leisure and hospitality jobs supported 92.0% more wages and salaries in 2021 than in 2010, even after adjusting for inflation

- Increased pay per job in the leisure and hospitality sector in Dare County (71.4% increase since 2010) and an increase in the number of jobs (12.1%) increase, have resulted in an almost doubling (92.0% increase) of the total amount of wages and salaries supported since 2010, even after adjusting for inflation.

Leisure and hospitality sector

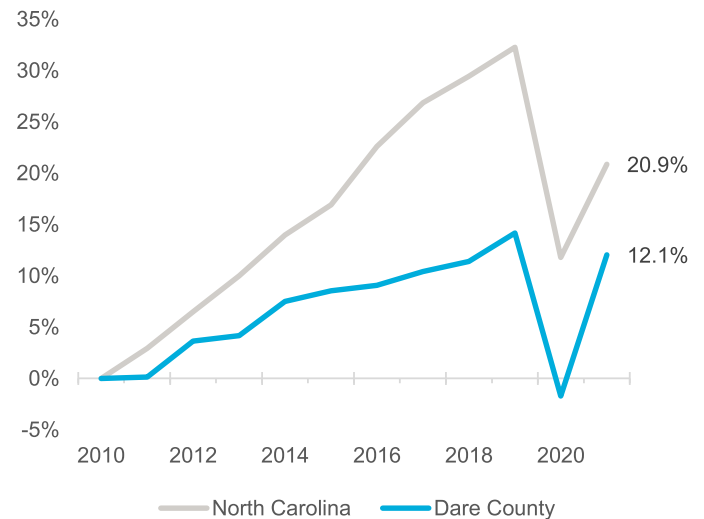
Wages and salary per job

Growth since 2010, real



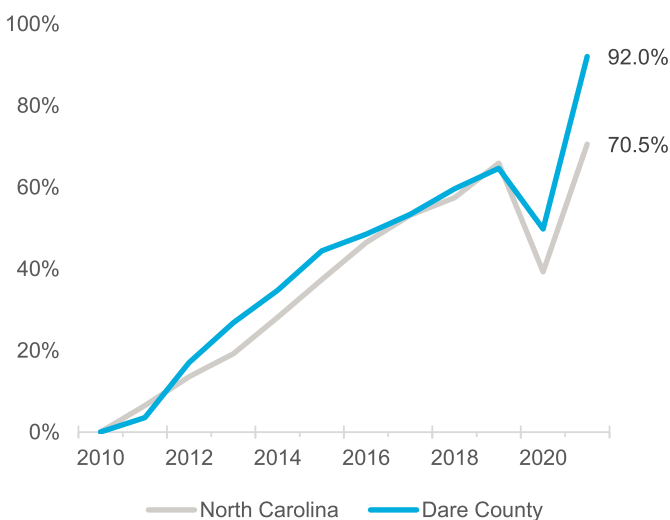
Jobs

Growth since 2010, real



Aggregate wages and salaries

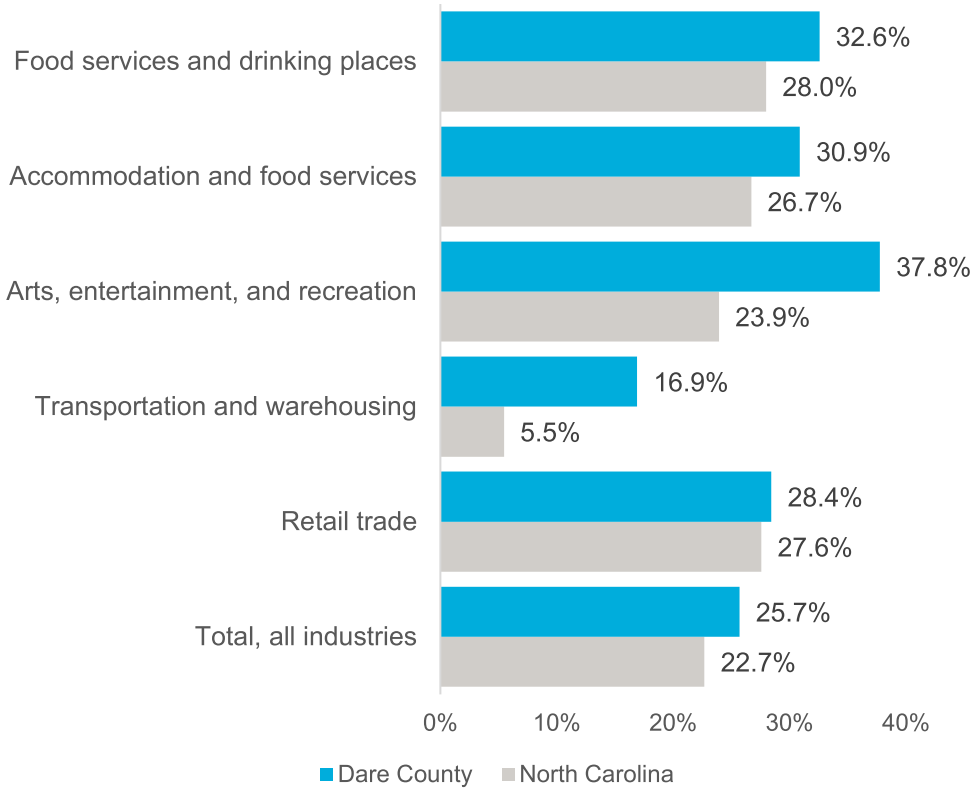
Growth since 2010, real



Wage rate growth is being boosted by gains in key sectors

- Average annual pay in sectors such as restaurants and accommodations has increased 30% or more, as compared to the 25.7% increase in all industries.
- This sector level data is only available for Dare County through 2021 on an annual basis, and it is expected that 2022 data will show additional strong growth.

Average annual pay growth
Growth from 2017 to 2021, nominal

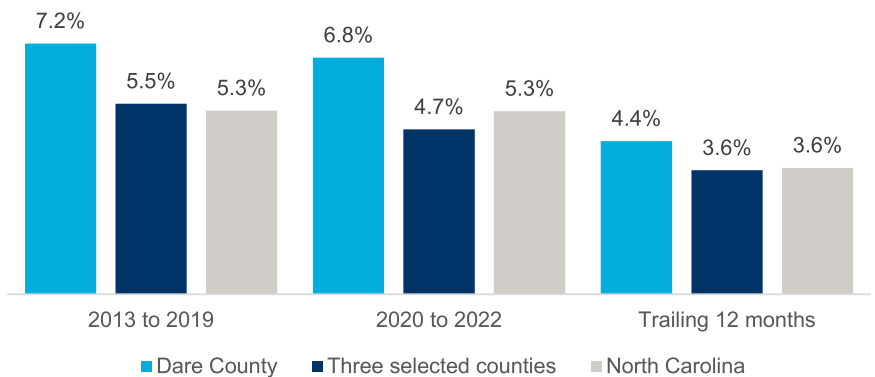


Source: Bureau of Labor Statistics (QCEW); Tourism Economics

Unemployment has fallen, but still soars during January and February

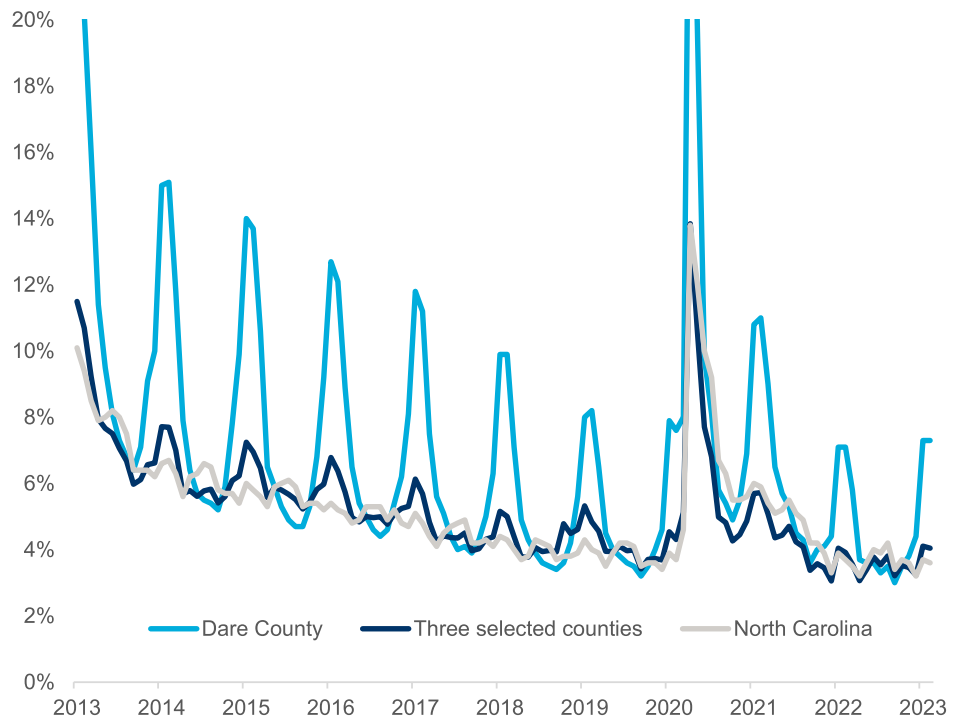
- The local labor market is much tighter than it has been in the past. Over the past 12 months, unemployment in Dare County averaged just 4.4%, as compared to 7.2% during the historical period from 2013 to 2019.
- Tight labor markets in the broader area (three-county region) and the state mean that it will remain challenging to find workers in the near term.

Average unemployment rate by period



Note: Three selected counties refers to Carteret, Currituck, and Hyde counties.
Source: Bureau of Labor Statistics; Tourism Economics

Monthly unemployment rate over time

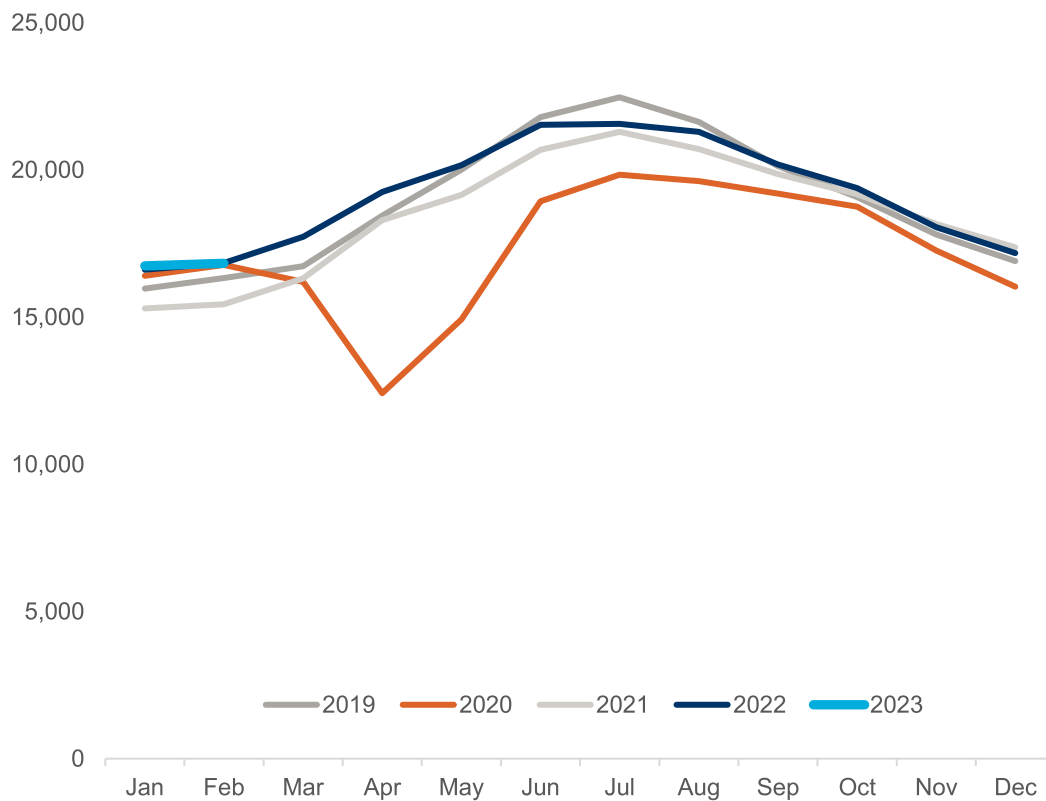


Note: Three selected counties refers to Carteret, Currituck, and Hyde counties.
Source: Bureau of Labor Statistics; Tourism Economics

There are about 4,700 more jobs during peak months

- Employment levels in Dare County show a strong seasonal pattern. In June, July and August, there were about 4,738 more jobs than in January and February.

Monthly employment over time
Dare County



Source: Bureau of Labor Statistics; Tourism Economics

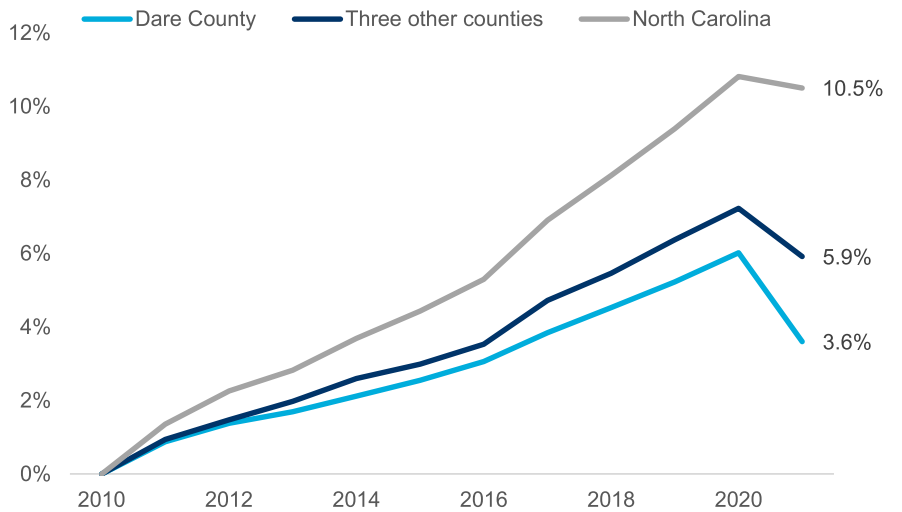
Note: Three selected counties refers to Carteret, Currituck, and Hyde counties.

Source: Bureau of Labor Statistics; Tourism Economics

Housing inventory in Dare County has increased at a slow pace

- Housing inventory in Dare County has only increased about 3.6% since 2010. This trails growth in the state overall (10.5%) and three other counties selected for comparison (5.9%).

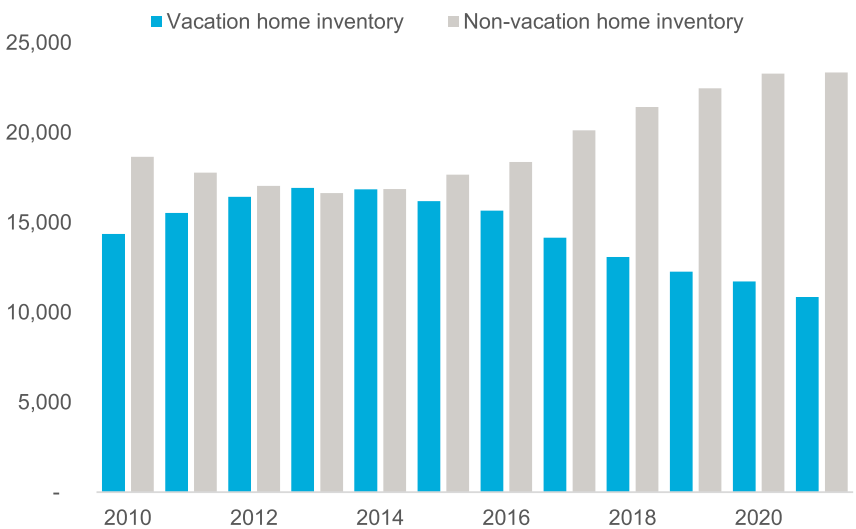
Total housing inventory by region
Growth since 2010



Note: Three selected counties refers to Carteret, Currituck, and Hyde counties.
Source: Census Bureau (5-year estimates); Tourism Economics

- Trends show fewer housing units being classified as second or vacation homes over time, based on Census Bureau data.
- In 2021, about 10,851 Dare County housing units were classified as second home or vacation homes, and 23,359 were categorized as non-vacation homes.

Housing inventory, Dare County
Units

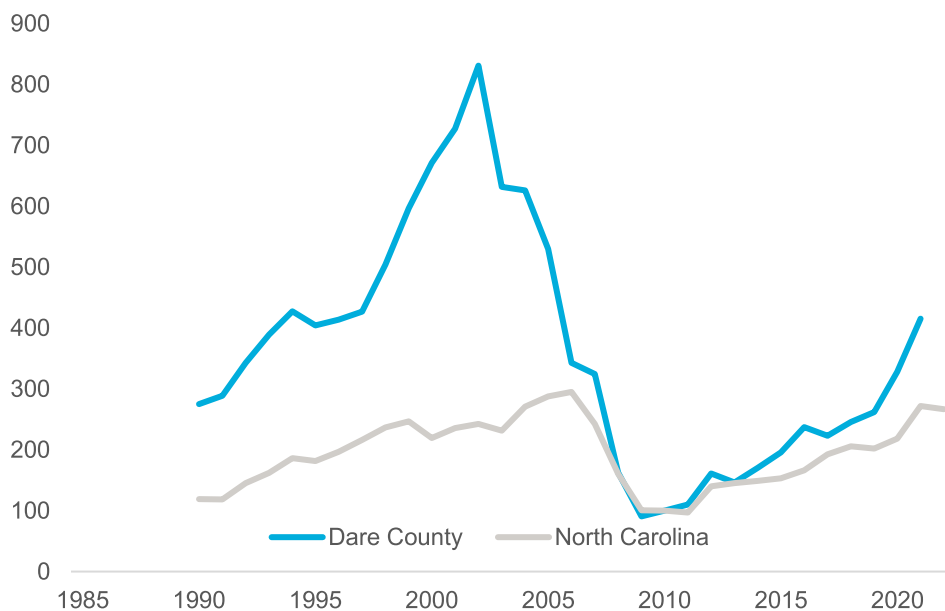


Note: Three selected counties refers to Carteret, Currituck, and Hyde counties.
Source: Census Bureau (5-year estimates); Tourism Economics

Home building activity in Dare County has generally increased

- Permits for new home construction have been increasing in recent years. According to the most recent data, 569 Dare County permits (housing/new unit) were issued in 2021. Higher interest rates may slow this activity.

New housing units, permits
Index (2010=100)



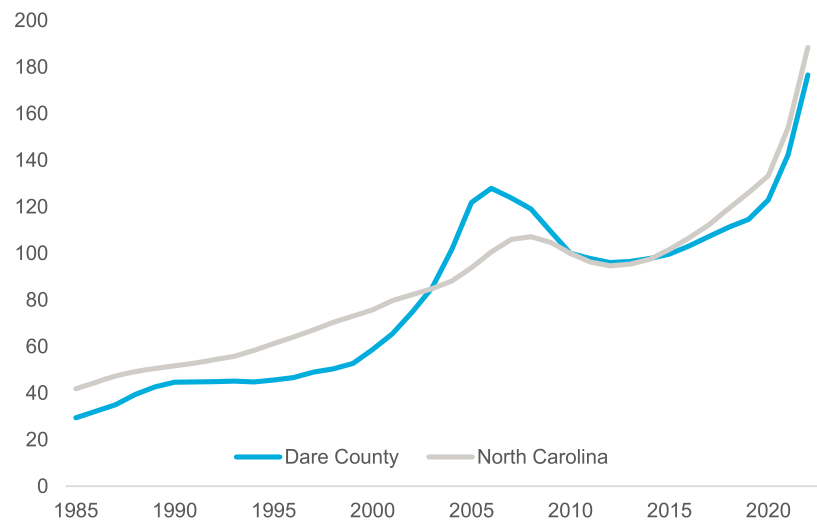
Note: New Private Housing Units Authorized by Building Permits.
Source: Census Bureau; Tourism Economics

The Outer Banks households face high housing costs

- A greater share of Dare County households than the state average spend more than 30 percent of income for housing.
- Recent home price increases will likely making housing even more expensive in the future. Dare County experienced an approximately 54.1% increase in house prices between 2019 and 2022.

Home prices

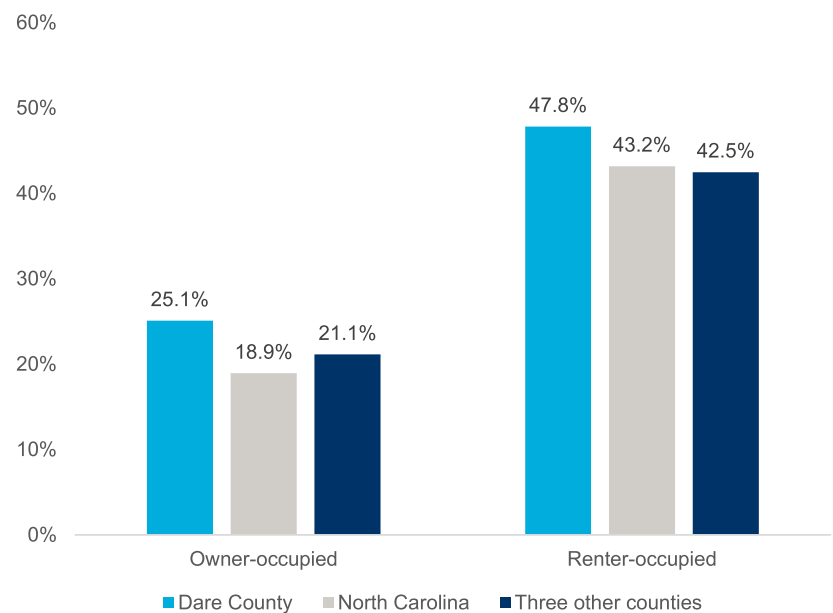
House price index, (2010=100)



Note: All-Transactions House Price Index, annual data through 2022.
Source: US Federal Housing Finance Agency, Tourism Economics

Households with high housing costs

Share of households paying 30 percent more of income for housing, 2021



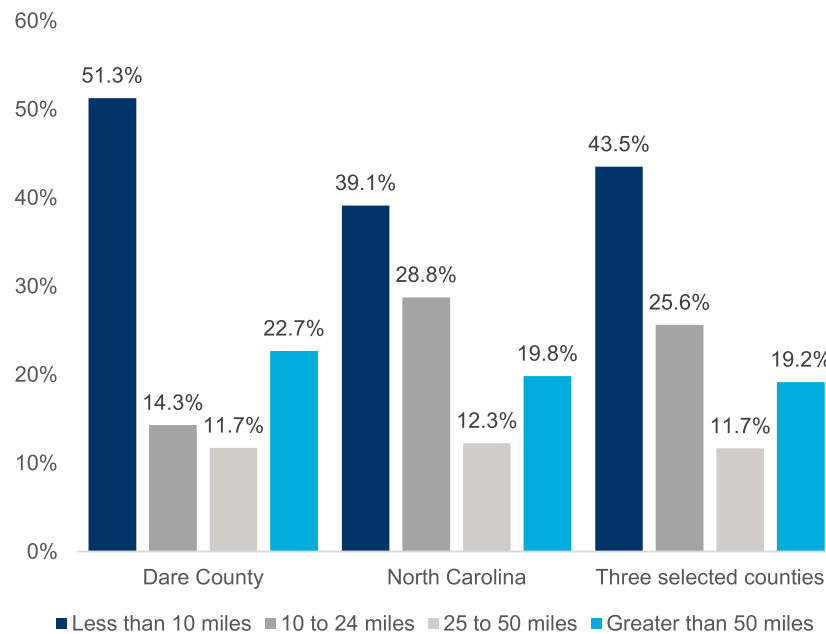
Source: Census Bureau (5-year estimates); Tourism Economics

The Outer Banks workers travel a similar distance to work as the state overall

- On average, about two-thirds of the Outer Banks workers travel 24 miles or less to work.
- This does not reflect the challenges of increased travel times during peak periods due to traffic.

Employees by distance traveled to work

By workplace location, 2020



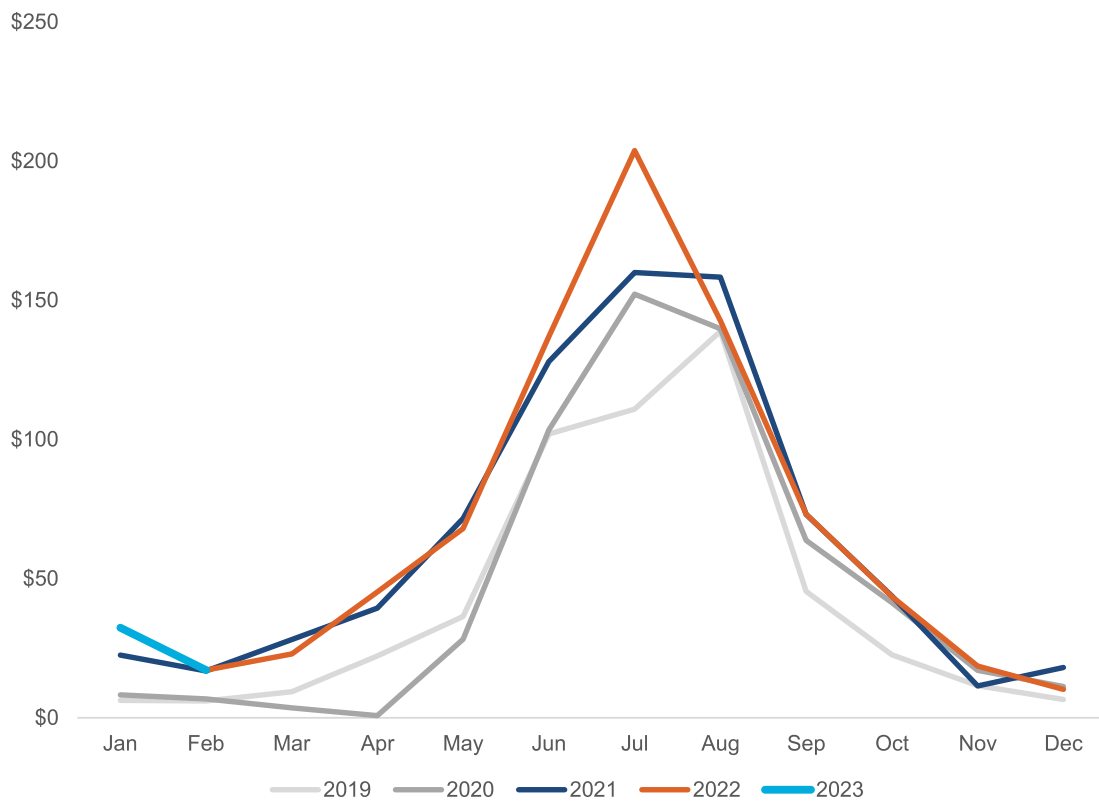
Note; Three selected counties are Carteret, Currituck and Hyde.

Source: Census Bureau (LEHD); Tourism Economics

The strong seasonal pattern in the Outer Banks is evident in paid accommodations revenue

- Rental revenue at Dare County paid accommodations as measured by gross occupancy reporting for tax purposes reflects the strong seasonal pattern in the destination.

Paid accommodations revenue (gross occupancy), total, by season
In millions, Dare County



Source: The Outer Banks Visitors Bureau

Almost 60% of paid accommodations revenue was earned during peak season; shoulder season showed the strongest growth

- 59.4% of paid accommodations revenue (gross occupancy) was earned during three peak months (June, July and August), while only 22.9% was earned during the three shoulder months (April, May and September), as defined for this analysis.
- Shoulder season (April, May, September) has shown the strongest growth, with a 79.2% increase since 2019.

Paid accommodations revenue (gross occupancy), total, by season

In millions, Dare County

	2019	2020	2021	2022	2022 relative to 2019
Total gross occupancy	518.0	576.4	771.1	814.2	57.2%
Peak	351.7	395.5	446.2	483.4	37.5%
Shoulder	104.0	92.7	184.2	186.4	79.2%
Low	62.3	88.2	140.7	144.4	131.8%
Total gross occupancy, share of annual total	100.0%	100.0%	100.0%	100.0%	0.0%
Peak	67.9%	68.6%	57.9%	59.4%	-12.6%
Shoulder	20.1%	16.1%	23.9%	22.9%	14.0%
Low	12.0%	15.3%	18.2%	17.7%	47.5%
Total gross occupancy per night	1.4	1.6	2.1	2.2	
Peak	3.8	4.3	4.9	5.3	
Shoulder	1.1	1.0	2.0	2.0	
Low	0.3	0.5	0.8	0.8	
Peak as ratio to shoulder	3.3	4.2	2.4	2.6	
Calendar nights	365	366	365	365	0.0%
Peak	92	92	92	92	0.0%
Shoulder	91	91	91	91	0.0%
Low	182	183	182	182	0.0%
Calendar nights, share of annual total	100.0%	100.0%	100.0%	100.0%	0.0%
Peak	25.2%	25.1%	25.2%	25.2%	0.0%
Shoulder	24.9%	24.9%	24.9%	24.9%	0.0%
Low	49.9%	50.0%	49.9%	49.9%	0.0%

Note: Available units refers to supply of units tracked by Key Data system. Peak (June to August), Shoulder (April, May, September), Low (rest of year).

Source: The Outer Banks Visitors Bureau; Tourism Economics

Short-term rental data indicates peak season accounted for 44.5% of guest night activity, and over 70% of revenue

- Data from Key Data provides an additional view of activity at properties managed by property management companies.
- This data confirms that peak season accounts for a disproportionate share of revenue (70.6% of the 2022 total). This is partly due to higher pricing, as peak season revenue per guest night averages 1.75 times the shoulder season average. But it's also due to higher occupancy levels, as 44.5% of paid and owner nights occurred during peak season.
- The Key Data metrics confirm that the growth in shoulder season activity has been the strongest, with a 24.5% increase in paid and owner nights, and a 101.4% increase on total revenue since 2019.

Short-term rental performance: Key Data

Dare County

	2018	2019	2020	2021	2022	2022 relative to 2019
Available units, average	3,180	3,534	3,554	3,489	3,485	-1.4%
Calendar nights						
Peak	92	92	92	92	92	
Shoulder	91	91	91	91	91	
Low	182	182	183	182	182	
Annual	365	365	366	365	365	
Peak share of total	25.2%	25.2%	25.1%	25.2%	25.2%	
Paid and owner nights						
Peak	231,610	261,559	284,170	289,286	286,599	9.6%
Shoulder	127,617	144,151	141,494	200,761	179,412	24.5%
Low	187,619	169,912	192,914	194,070	178,343	5.0%
Annual	546,846	575,622	618,578	684,117	644,354	11.9%
Peak share of total	42.4%	45.4%	45.9%	42.3%	44.5%	
Total revenue per guest night						
Peak	\$509.09	\$522.28	\$549.12	\$595.06	\$694.89	33.0%
Shoulder	274.69	289.17	312.48	333.27	397.48	37.5%
Low	223.42	233.79	254.58	276.02	312.47	33.7%
Annual	\$416.39	\$429.21	\$443.76	\$460.35	\$551.88	28.6%
Peak as ratio to shoulder	1.85	1.81	1.76	1.79	1.75	
Total Revenue (Nightly), in millions						
Peak	\$107.5	\$119.8	\$141.2	\$158.8	\$179.1	49.5%
Shoulder	22.6	26.7	29.8	52.8	53.8	101.4%
Low	9.2	10.1	19.6	23.7	20.8	106.9%
Annual	\$139.3	\$156.6	\$190.7	\$235.3	\$253.7	62.0%
Peak share of total	77.2%	76.5%	74.1%	67.5%	70.6%	

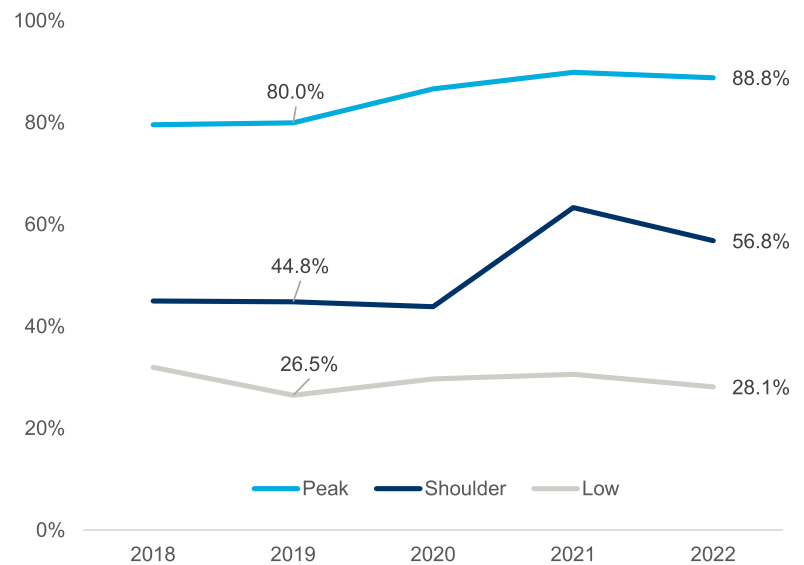
Note: Available units refers to supply of units tracked by Key Data system. Peak (June to August), Shoulder (April, May, September), Low (rest of year).

Source: Key Data; Tourism Economics

Shoulder season short-term rental occupancy has increased notably

- Shoulder season short-term rental occupancy increased to 56.8% in 2022, as compared to just 44.8% in 2019. Peak season occupancy is potentially near its practical limit at 88.8%.

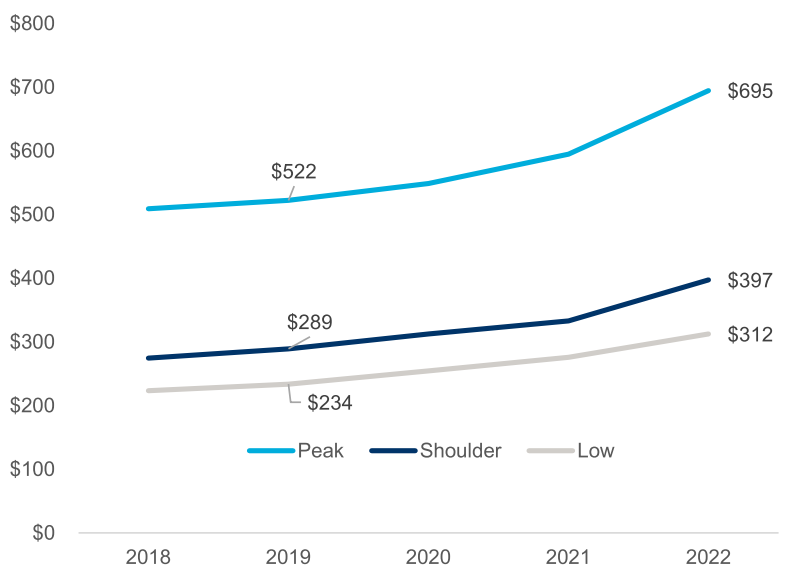
Short-term rentals: Paid and owner occupancy
Dare County



Note: Peak (June to August), Shoulder (April, May, September), Low (rest of year).
Source: Key Data; Tourism Economics

- Peak season retains a price premium, with peak season rentals generating about 1.75x as much revenue per guest unit night as shoulder season rentals.

Short-term rentals: Total revenue per guest night
Dare County



Note: Peak (June to August), Shoulder (April, May, September), Low (rest of year).
Source: Key Data; Tourism Economics

About 60% of guests come from VA, PA or NC

- During 2022, based on short-term rental data, approximately 32.7% of guests originated in Virginia, 15.8% in Pennsylvania, and 12.2% in North Carolina. These three origin markets represent 60.7% of guests.

Origin of guests

Short-term rentals, 2022

Rank	State	Share
1	Virginia	32.7%
2	Pennsylvania	15.8%
4	North Carolina	12.2%
3	Maryland	9.4%
5	Ohio	5.3%
6	New York	4.1%
7	New Jersey	3.4%
8	West Virginia	2.7%
9	Colorado	2.0%
10	Massachusetts	0.9%
	Rest of states	11.5%
	Total	100.0%

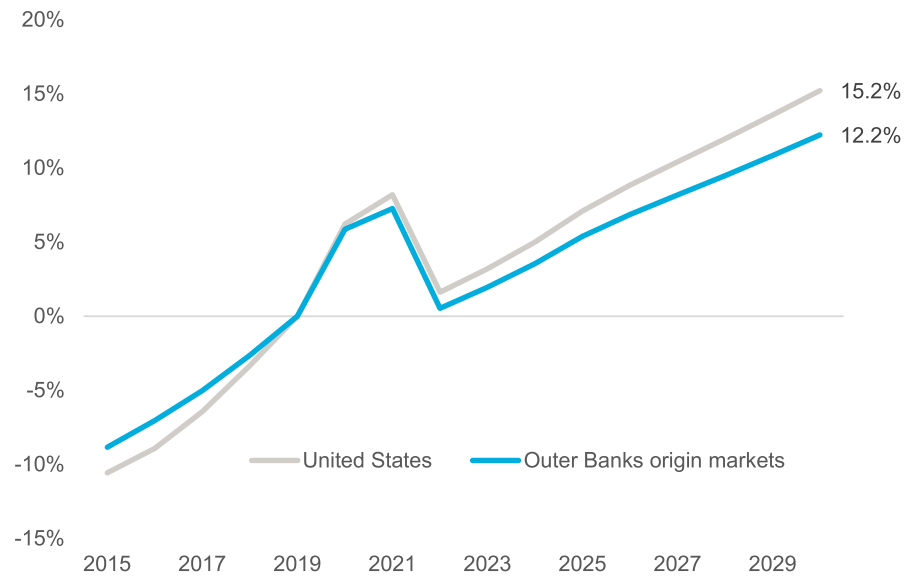
Source: Key Data; Tourism Economics

Origin market economies continue to grow, but at a slow pace

- Over time, the origin markets for the Outer Banks are expected to continue to grow, but at a slow pace, similar to the US average. By 2030, real income is expected to be about 12.2% higher than in 2019.

Origin market income growth

Real, disposable personal income, growth relative to 2019



Source: Bureau of Economic Analysis, Oxford Economics

- Measured by real disposable income, the weighted average of the Outer Banks origin markets is expected to expand about 1.4% a year.

Origin market income growth

Real, disposable personal income, annualized

Origin	Annualized growth			Origin weight
	'15 to '19	'19 to '22	'22 to '30	
Virginia	2.1%	0.3%	1.5%	32.7%
Pennsylvania	2.1%	-0.3%	1.2%	15.8%
North Carolina	3.2%	1.9%	1.7%	12.2%
Maryland	1.6%	-0.5%	1.1%	9.4%
Ohio	1.8%	0.2%	1.0%	5.3%
New York	2.9%	-1.0%	1.5%	4.1%
New Jersey	2.8%	-0.1%	1.2%	3.4%
West Virginia	1.4%	-0.3%	0.4%	2.7%
Colorado	4.2%	1.8%	2.1%	2.0%
Massachusetts	3.2%	-0.2%	1.7%	0.9%
United States	2.8%	0.5%	1.6%	
Outer Banks origin weighted average	2.3%	0.2%	1.4%	

Source: Bureau of Economic Analysis, Oxford Economics

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Three forecast scenarios reflecting potential future paths

We prepared a forecast with three scenarios to help support a better understanding of potential future paths of the tourism sector in Dare County.

Scenario	Assumptions
Aggressive growth	<p>The Outer Banks successfully pursues key elements of its Long-Range Tourism Management Plan. For example:</p> <ul style="list-style-type: none"> • Resident and visitor engagement, environmental stewardship, and infrastructure development efforts improve experience and attract broader set of travelers, helping grow activity outside of peak season. • Talent attraction, job development, infrastructure, transportation, and housing diversity programs support balanced workforce, with access to opportunities for individual growth. • Destination develops a relatively stronger shoulder season supporting the extension of otherwise seasonal jobs and businesses closer to year-round.
Moderate growth	<p>The Outer Banks implements selected efforts to continue to evolve and manage the destination.</p> <ul style="list-style-type: none"> • Peak season periods remain moderately strong, but destination loses some visitors to competitive destinations as the Outer Banks reputation for its visitor experience erodes some due to factors such as perceived overcrowding, reduced service levels. • Workforce challenges persist, as housing cost pressure and difficulty attracting and retaining employees prove ongoing challenges. Destination maintains key aspects of its attractiveness, grows visitor spending moderately and supports existing employment levels. • Selective community push back on tourism results in some impediments to growth in paid accommodations inventory.
Retrench	<p>Recent growth in visitor activity strains the Outer Banks community. Efforts to manage challenges associated with visitor volumes, infrastructure, workforce and housing garner insufficient momentum and are not pursued.</p> <ul style="list-style-type: none"> • The Outer Banks remains an attractive destination with a sizable tourism economy, but its reputation is negatively affected by a reduced visitor experience, such as due to factors such as perceived overcrowding, and reduced service levels. Also, destination has reduced attractiveness to visitors and residents valuing better perceived balance on factors such as environmental stewardship and community relations. Some businesses close due to factors such as workforce limitations. • More economic activity remains concentrated in peak season months, and some businesses close due to workforce challenges.

The three forecast scenarios result in different levels of economic activity and local tax revenues

The different scenario assumptions result in different possible outcomes for the Outer Banks as a destination and as a local economy.

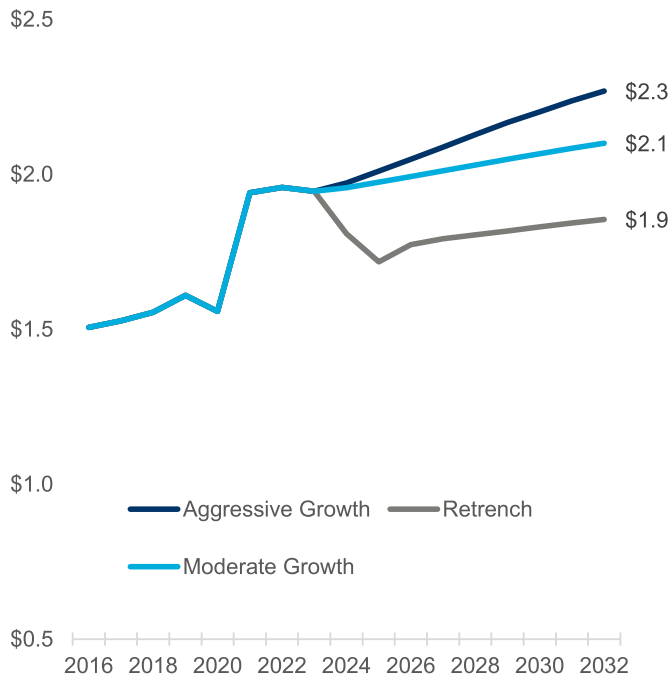
Scenario	Visitor spending in 2032 (real, 2022 dollars)	Tourism employment in 2032	Seasonality in 2032 (Shoulder season share of paid accommodation revenue)
Aggressive Growth	Reaches \$2.3 billion, resulting in greater local tax revenues	Reaches 12,875, representing 6.5% more jobs than in Moderate Growth scenario	Shoulder season increases to 26.5%, extend some jobs and business activity closer to year-round
Moderate Growth	Reaches \$2.1 billion	Stabilizes at approximately 12,087 jobs	Shoulder season averages approximately 22.5%
Retrench	Reaches \$1.9 billion, supporting lower level of tax revenue than in Moderate Growth or Aggressive Growth scenarios	Declines to 10,864 jobs, but it's still tough for local businesses to find qualified employees	Shoulder season retreats to 18.9%, resulting in a more highly seasonal destination

Summary of forecast scenario estimates

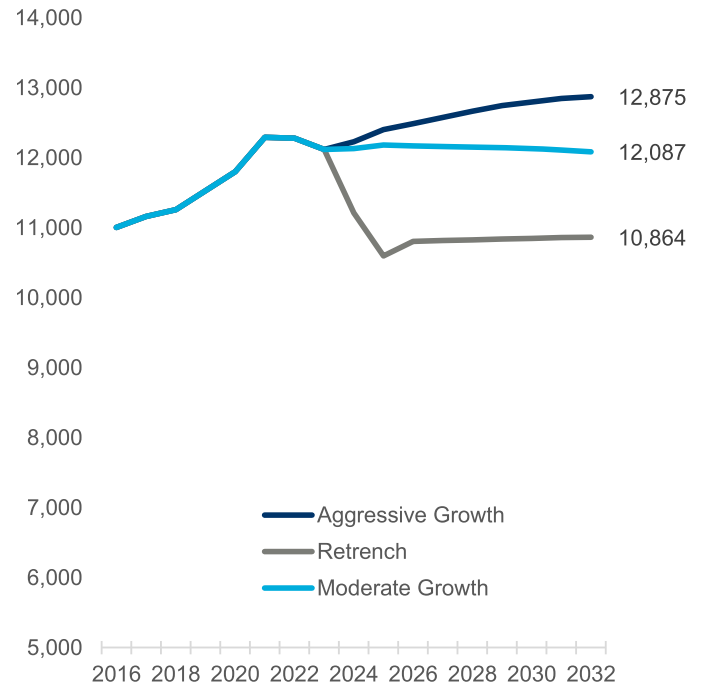
Scenario estimates

Visitor spending

Real, 2022 dollars, in billions

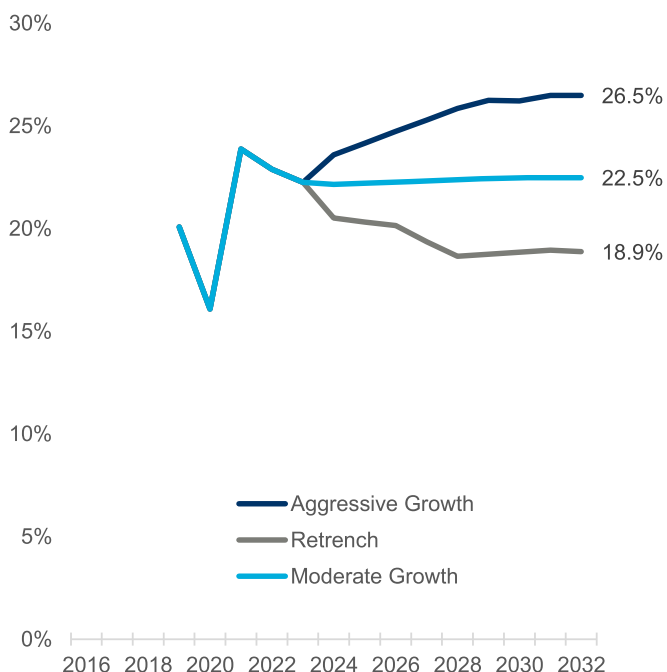


Tourism direct jobs



Shoulder season share

Share of paid accommodation (gross occupancy)



Recommendations

The Outer Banks has experienced quite strong growth in tourism over the past three years. This type of growth would place strong pressures on the destination; for example, by contributing to challenges for employers finding qualified workers and residents finding affordable housing, stressing the capacity of infrastructure and environmental resources, and straining aspects of the local quality of life and community tolerance for visitors.

In addition to this growth, the Outer Banks is also experiencing home price appreciation, and pressures from regional tightness in labor markets that make it more difficult to recruit workers from other areas.

The scenarios we prepared help portray what we see as potential future paths but are also intended to help demonstrate that successful efforts on focus areas identified in the Long-Range Tourism Management Plan are critical to evolving tourism as part of the Outer Banks community. Without progress on areas such as strengthening resident and visitor engagement, environmental stewardship, infrastructure, workforce, and housing, the Outer Banks will face headwinds that make it increasingly difficult to have a tourism sector that is seen as working and successful by residents.

Therefore, we would recommend that efforts as outlined in the Long-Term Tourism Management Plan receive a high-degree of attention, funding, and support. Through its recent growth in tourism, and with additional pressures of rising home prices, the Outer Banks is at a point at which active management of critical aspects of the destination is of utmost importance.

By aligning stakeholder efforts and resources on common priorities, such as infrastructure and development that considers sustainability, resident and visitor needs, the Outer Banks can make progress that better prepares it long-term success.

In pursuing such priorities, it is anticipated that some steps will be taken that impede visitor activity, or slow potential growth, particularly during peak periods. Such near-term steps may be necessary to reach longer-term success as a destination. This underscores the importance of developing stakeholder support and focus on long-term success.

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Comparison of Aggressive Growth Scenario to Moderate Growth

Scenario comparison: Aggressive Growth relative to Moderate Growth

Monetary amounts in millions, real, 2022 dollars

	Moderate Growth				Aggressive Growth		Difference: Aggressive Growth scenario relative to Moderate Growth			
	2019	2022	2027	2032	2027	2032	Difference		Percent difference	
							2027	2032	2027	2032
Key metrics										
Paid accommodation revenue (gross occupancy)	\$578.8	\$814.2	\$808.9	\$836.8	\$849.9	\$901.2	\$41.0	\$64.4	5.1%	7.7%
Visitor spending	1,610.0	1,958.3	2,011.4	2,100.6	2,088.4	2,268.6	77.1	168.0	3.8%	8.0%
Tourism employment	11,534	12,282	12,164	12,087	12,580	12,875	416	787	3.4%	6.5%
Paid accommodation revenue by season										
Peak	393.0	483.4	480.3	496.8	480.3	496.8	0.0	0.0	0.0%	0.0%
Shoulder	116.2	186.4	180.6	188.2	215.0	238.8	34.4	50.6	19.0%	26.9%
Low	69.6	144.4	148.1	151.8	154.6	165.6	6.6	13.8	4.4%	9.1%
Gross occupancy by season, share of total										
Peak	67.9%	59.4%	59.4%	59.4%	56.5%	55.1%	-2.9%	-4.2%	-4.8%	-7.1%
Shoulder	20.1%	22.9%	22.3%	22.5%	25.3%	26.5%	3.0%	4.0%	13.3%	17.8%
Low	12.0%	17.7%	18.3%	18.1%	18.2%	18.4%	-0.1%	0.2%	-0.6%	1.3%

Comparison of Retrench Scenario to Moderate Growth

Scenario comparison: Retrench relative to Moderate Growth

Monetary amounts in millions, real, 2022 dollars

	Moderate Growth				Retrench		Difference: Retrench scenario relative to Moderate Growth			
	2019	2022	2027	2032	2027	2032	Difference		Percent difference	
							2027	2032	2027	2032
Key metrics										
Paid accommodation revenue (gross occupancy)	\$578.8	\$814.2	\$808.9	\$836.8	\$723.2	\$758.6	-\$85.7	-\$78.2	-10.6%	-9.3%
Visitor spending	1,610.0	1,958.3	2,011.4	2,100.6	1,792.3	1,854.6	-219.1	-245.9	-10.9%	-11.7%
Tourism employment	11,534	12,282	12,164	12,087	10,818	10,864	-1,346	-1,223	-11.1%	-10.1%
Paid accommodation revenue by season										
Peak	\$578.8	\$814.2	\$808.9	\$836.8	\$723.2	\$758.6	-\$85.7	-\$78.2	-10.6%	-9.3%
Shoulder	393.0	483.4	480.3	496.8	443.2	470.5	-37.0	-26.4	-7.7%	-5.3%
Low	116.2	186.4	180.6	188.2	140.0	143.2	-40.5	-44.9	-22.5%	-23.9%
	69.6	144.4	148.1	151.8	140.0	144.9	-8.1	-6.9	-5.5%	-4.5%
Gross occupancy by season, share of total										
Peak	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	0.0%	0.0%	0.0%	0.0%
Shoulder	67.9%	59.4%	59.4%	59.4%	61.3%	62.0%	1.9%	2.6%	3.2%	4.5%
Low	20.1%	22.9%	22.3%	22.5%	19.4%	18.9%	-3.0%	-3.6%	-13.3%	-16.0%
	12.0%	17.7%	18.3%	18.1%	19.4%	19.1%	1.0%	1.0%	5.7%	5.3%

About Tourism Economics

- Tourism Economics is an Oxford Economics company with a singular objective: combine an understanding of tourism dynamics with rigorous economics in order to answer the most important questions facing destinations, developers, and strategic planners. By combining quantitative methods with industry knowledge, Tourism economics designs custom market strategies, destination recovery plans, tourism forecasting models, tourism policy analysis and economic impact studies.
- With over four decades of experience of our principal consultants, it is our passion to work as partners with our clients to achieve a destination's full potential.
- Oxford Economics is one of the world's leading providers of economic analysis, forecasts and consulting advice. Founded in 1981 as a joint venture with Oxford University's business college, Oxford Economics enjoys a reputation for high quality , Quantitative analysis and evidence-based advice. For this, it draws on its own staff of more than 250 professional economists; a dedicated data analysis team; global modeling tools, and a range of partner institutions in Europe, the US and in the United Nations Project Link. Oxford economics has offices in London, Oxford, Dubai, Philadelphia and Belfast.

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